



Daily Report

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Czechoslovakia

Prague radio reports that on 13 July, Premier Vaclav Klaus released the policy statement for the Czech Government. He noted the fact that the path of the Czech Republic does not depend on the government alone, and the "government has a mandate to jointly, with the Czech National Council, lay the foundations of the Czech Republic as an individual state entity capable of sovereign state existence." He added that in order to achieve a sovereign state, "the government has to prepare all measures necessary for a situation which may arise if the future state set-up talks fail, if federal bodies are paralyzed, or if judicial or factual separation of the Slovak Republic from the CSFR occurs."

Bosnia-Herzegovina

Belgrade Radio carried an interview with President of the Serbian Republic of Bosnia-Herzegovina Presidency Radovan Karadzic in which he stated: "From the viewpoint of the Serbian nation at the present time, the only thing that is acceptable to us is to be independent."

Yugoslavia

International—TANJUG reports that FRY President Dobrica Cosic in response to letters sent by Croatian President Franjo Tudjman and President of the Bosnia-Herzegovina Presidency Alija Izetbegovic to the Security Council sent a letter to Chairman of the Security Council Jose Luis Jesus. In the letter, Cosic stated: "I do not understand why it cannot be realized that the war in Bosnia-Herzegovina is an inter-ethnic, religious, and civil war. That is not the war of one nation and one religion which could end by the wish of one warring side. Its end does not depend on the good will of Serbia and Montenegro. The war can end only by the wish of all three warring sides."

Government, Unions Disagree Over Wage Increase

AU1307195892 Sofia BTA in English 1636 GMT
13 Jul 92

[Text] Sofia, July 13 (BTA)—The signing of a protocol on differences in the stands and the principles of the growth of wage level in state-financed organizations and material-production enterprises was the closing event of the sitting of the National Council for Social Partnership today. The government suggested a 26 per cent across-the-board wage increase. The trade unions insist on a larger rise for health care and education but cannot set a figure because they lack information on the state of the budget.

The government's position remains unchanged with respect to the wage regulating principles in material production. The trade unions and the employers insist on their draft ordinance on the formation and regulation of the wage bill in the third and fourth quarter of 1992 and on their reasoning for the ordinance. The representatives of the trade unions and the employers did not get any information from the cabinet on the wage bill money allocated by the budget in the first quarter of 1992 or on the projected increase of budget revenues despite the agreement reached at the previous sitting.

"This refusal on the part of the government is a matter of principle," said Deputy Prime Minister Nikola Vasilev. The government maintains that under the Constitution parliament alone can exercise control on the government and the Ministry of Finance. There is no room for narrowing the differences between the cabinet and the trade unions, Mr. Vasilev believes.

The trade unions saw this position as an indication of the government's reluctance to carry on social partnership. They also view it as a breach of the statute of the National Council. "The government denies itself the mediator role of the two trade union amalgamations and faces a wave of industry-wide strikes and mass protests," said Prof. Krusty Petkov, leader of the Confederation of Independent Trade Unions in Bulgaria. He denied the existence of any trade union scenario for joint national strike action, as well as any contacts with political forces interested in a destabilization of the situation in the country. The first to strike will be the physicians, as from tomorrow, and the transport workers, as from July 15, Prof. Petkov predicted. He said that the trade unions and the employers will issue a joint declaration defining their attitude to the government and its policy. He believes that an "administrative and budgetary dictatorship is being established in this country and that the trade unions should say no to any agreements linked with the IMF."

Later in the day Prime Minister Filip Dimitrov, talking to the press, described this assessment as "groundless." "Once again we are running into a situation in which some people simply don't want something to be solved," he said. In his view, "this is not a stalemate because the government has the right to take its decisions and if the trade unions do not meet it half way, it will take these decisions."

The government's refusal to provide information on the state of the budget may block the work of the National Council for Social Partnership, said Mr. Stamen Krivoshiev, confederate secretary of the Podkrepa Labor Confederation. The representatives of Podkrepa on the National Council believe that the door is closed, leaving unused the opportunities to work out a compromise between the social partners' positions. "If our local branches want to strike, this means they have reasons to do so and we cannot stop them," said the leader of the Podkrepa Labor Confederation Dr. Konstantin Trenchev. He does not think that everything is lost in the dialogue with the government. Still, in his view the alternative to the incumbent government is another government of the Union of Democratic Forces which should fulfill the promises in the union's election platform.

Employers, Unions Hold Talks

AU1307195292 Sofia BTA in English 1801 GMT
13 Jul 92

[Text] Sofia, July 13 (BTA)—This afternoon the trade unions and the employers opened bilateral talks with the participation of the presidents of the two major trade union amalgamations—the Podkrepa Labor Confederation and the Confederation of Independent Trade Unions in Bulgaria [CITUB]. CITUB President Krusty Petkov told journalists that a decision would be made these days whether to come out with a joint statement on what he termed as the government's unilateral actions in result of which the negotiations at the National Council for Social Partnership were discontinued. Prof. Petkov explained that the final decision would be made after receiving information about today's meeting of the government and after holding consultations with the local trade union structures. It would be too early to consider the question of a general strike today or tomorrow, Prof. Petkov said. There is still some room for maneuvers, he added. Before proceeding with some action, the trade unions and the employers should work out their own position which would obviously be the alternative to that of the government.

Dimitrov Meets Protesting Petrochemical Workers

AU1307194692 Sofia BTA in English 1914 GMT
13 Jul 92

[Text] Sofia, July 13 (BTA)—Protesting employees of the Neftokhim Joint Stock Company based in Burgas on the Black Sea, the largest petrochemical works in Bulgaria, today met with Prime Minister Filip Dimitrov. Because of the meeting they canceled the effective strike action the Petrochemical Workers' Trade Union with the Podkrepa Labor Confederation had planned for today.

"Despite of the constructive position of the government expressed by Prime Minister Filip Dimitrov himself, the representatives of the Podkrepa Labor Confederation demanded changes in the Board of Directors and threatened with a strike," spokesperson for the government Nadezhda Mikhaylova said on the National Television

this evening. In this connection the government declared the company management issue is not one to be settled by trade unions. Only the Council of Ministers can decide who should run the company. Ultimatums and threats to take industrial action would lead to serious problems for which the Podkrepa leadership would bear the complete responsibility, Ms. Mikhaylova said.

The government took measures to improve the condition of Neftokhim whose financial difficulties have been on society's agenda for a long time. It appointed a commission to inquire into the responsibility for the company's debt. A banking consortium to settle the debt issue is being formed. The government replaced the company management which stirred up discontent among employees.

Finance Minister Views Budget, Economic Situation

AU1307200092 Sofia BTA in English 1738 GMT
13 Jul 92

[Text] Sofia, July 13 (BTA)—The economic recession is going on and the slow pace at which Bulgaria's economy is restructured creates additional risks for the utilization of the budget. Finance Minister Ivan Kostov told journalists today after informing the government about the utilization of the national budget in the first half of 1992.

The revenues received by June 30, 1992 account for 41.2 per cent of the total amount projected in the 1992 budget act, expenditure amounts to 41 percent and the cash deficit is about 40 per cent of the one projected.

Revenues consists mainly in non-tax receipts, Mr. Kostov underlined. Profit taxes and excise duties represent only a small part of the revenue, considerable amounts were received in the form of income taxes which, according to Minister Kostov, shows the untenability of the thesis that working wages did not mark an increase in the first half of the year.

Commenting on expenditure, the finance minister said that the utilization of social security subsidies is 90 percent. The utilization of expenditure items shows that state investment has been reduced to a minimum. The utilization of the total amount of subsidies projected in the budget exceeds 50 per cent.

According to Minister Kostov, in the first half of the year the cash deficit in the national budget was financed through internal sources mainly.

Mr. Kostov described the decision of the government to increase salaries by 26 per cent as a very serious risk. In his opinion this will worsen the budget deficit. Minister Kostov said that the loss of Bulgaria's markets in the Commonwealth of Independent States, the sanctions against Serbia and Montenegro and the lack of alternative variants for Bulgarian exports are adverse economic factors which will have a negative effect on Bulgarian economy in 1992.

Pramatarski Views National Trade Opportunities

AU1307174992 Sofia KONTINENT in Bulgarian
1 Jul 92 p 8

[Interview with Trade Minister Georgi Pramatarski by Lyudmila Videnova; place and date not given: "The Best Market Is the Most Likely Market"]

[Text] [Videnova] Mr. Pramatarski, many people consider the Trade Ministry unnecessary.

[Pramatarski] Arguments in support of this opinion exist, but the more we deal with the problems in this sphere, the more we become convinced that a Trade Ministry is necessary—at least, at this stage of our development. The management of state-owned property in the trade sector, the search for new markets, the restoration of domestic markets—all these problems require tremendous efforts.

[Videnova] What resources can you, as a minister, rely on to cope with all these problems?

[Pramatarski] We are almost starting from zero. As a matter of fact, the Trade Ministry has not yet been legally established (the government was supposed to adopt a decree on the functions of the Trade Ministry). Hence, our first legislative initiative should be to confirm our legal status. We have no budget so far because we are supposed to share the budget granted to the former Industry and Trade Ministry with the present Industry Ministry. For the time being, 45 specialists are employed by the ministry, but we would require at least 200.

[Videnova] What was the first goal you tried to achieve?

[Pramatarski] There are several things that should be done at the same time. I would not like to promote one priority at the expense of others. For example, the recently adopted resolution on the new settlement of exports and imports, which is coming into force on 1 July, is one possibility for reviving local production through customs duties. At the same time, however, we should not deprive our domestic market of imported goods. I paid my first visit abroad to Russia because I am convinced that Bulgaria should restore its markets in the former socialist countries. The best market for us is the most likely market. Considering the present quality of our goods, it would be a delusion to strive for a hasty breakthrough in Western markets.

[Videnova] The best and most likely market, however, is unprofitable. We are awaiting \$220 million from the former Soviet Union, and who knows when we are going to get it...

[Pramatarski] During my talks with Mr. Nichayev, the Russian economic minister, we agreed that the Russian side would set up a working group for negotiations with our representatives on problems related to the convertibility of the transferable ruble and on the general methods of mutual payments between Bulgaria and Russia. Numerous enterprises in Bulgaria were awaiting

this decision. Bulgartabak, for example, is expecting 61 million [currency not specified], and Farmakhim is also entitled to a substantial amount of money from Russia. The Finance Ministry is leading the negotiations on how to convert 640 million transferable rubles into dollars in the most profitable way.

[Videnova] It seems that your ministry is likely to focus its activities on foreign trade.

[Pramatarski] This only seems so. We are expecting our association with the EC, a process that requires specific preparations in the trade sector. We should assist enterprises that are currently in a difficult position and unable to sell their products. The problems of domestic trade are numerous and by no means easy to solve, however. For example, we do not know what assets the state really owns in the trade sector, and this is not only because of the restitution. No precise analyses of the basic stocks are available to us. There is no system for customs authorities to provide regular information on imported goods. One of the first bills we intend to submit to parliament is the one on the stock exchange. The management of domestic trade is in a desolate state. Every day we are tipped off to illegal transactions and black marketeering even in state-owned stores, although other institutions are supposed to be in charge of illegal trade....

[Videnova] Do you expect large, state-owned companies in the trade sector to exist even after privatization is in full swing?

[Pramatarski] It is my conviction that all forms of ownership should exist on an equal basis in the trade sector, which applies to state-owned, private, municipal, and cooperative enterprises alike.

[Videnova] Does this mean that you are advocating the existence of state-owned property?

[Pramatarski] Why not? The existence of state-owned stores means that we are capable of preserving and establishing so-called social welfare stores where goods are cheaper. We should also agree with the municipalities on this question. I am expecting them to cooperate.

[Videnova] Do you intend to attract foreign investments in the state-owned trade sector?

[Pramatarski] Thus far, the foreign investors definitely prefer to invest in the trade sector because of the prompt return of capital. We may be accused of depriving Bulgarian production enterprises of their chances. I think, however, that producers and businessmen should be granted equal conditions even in competition.

Groups Protest Treatment of Bulgarians in Dniester

*AU1007201192 Sofia 24 CHASA in Bulgarian
3 Jul 92 p 1*

[By Liliya Popova]

[Text] At a news conference in Sofia, the "Rodolyubets" [Patriot] Association and the Bessarabian and Tauric Bulgarian Students Association announced that 86 ethnic Bulgarians were killed in the village of Parkani alone, on the west bank of the Dniester. The number of our compatriots who have perished in the Transdnister region since the bloodshed started is not known, but is certainly much greater. Bessarabian students studying in Bulgaria are interrupting their studies to return to Moldova to fight on the side of the Russians and Ukrainians.

It was asserted that the Moldovan authorities have mobilized Bulgarians and Gagauz against their wishes to take part in military operations against the Transdnister Republic. As Moldovan citizens, they are subject to that country's laws. It was reported that almost 500 ethnic Bulgarians had applied for dual citizenship, but the Moldovan Government prohibits the issue of foreign passports. Aleksandur Mironov, association spokesman, claims that persecutions of ethnic Bulgarians because of their nationality have been reported. The Gagauz and ethnic Bulgarians do not want to live in Romania and speak Romanian.

Our compatriots want the Bulgarian Government to assist in reaching a peaceful settlement of the conflict between the Moldovans, Russians, and Ukrainians and to draw attention to the Bessarabian Bulgarians and Gagauz. They demand the opening of a Bulgarian embassy in Chisinau to defend their rights.

The members of the "Rodolyubets" Association believe that the Bulgarian foreign minister will take the problems of the Bessarabian Bulgarians to heart, especially because during his days as a student in Moscow, Stoyan Ganev shared an apartment with a Bulgarian from the Bessarabian town of Ismail.

Klaus Presents Czech Government Policy

*LD1307145192 Prague Stanice Praha Radio
Network in Czech 1125 GMT 13 Jul 92*

[Presentation by Czech Premier Vaclav Klaus of government policy statement at the Czech National Council session in Prague—live]

[Text] Dear Mr. Speaker, dear ladies and gentlemen deputies: Allow me to present to you the policy statement of the Czech Government.

It is approximately two years since the previous government of the Czech Republic appeared before this legislative body and before our public with the list of fundamental problems from all areas of life of our society that we had inherited from the 40 years of Communist rule and with an outline of how to solve these problems in the future. If we review today the results of the Czech Government's work, we have to state that it has made significant progress in many areas and that, thanks to this, the new Czech Government has quite a lot [of good things] to follow upon. We would, therefore, like to express our gratitude to the government of Premier Pithart.

At the same time, we cannot and neither do we want to conceal the fact that the problems of our society are deeper than a considerable part of our public saw them immediately after November 1989.

Moreover, the most recent developments in Czech-Slovak relations are another serious obstacle on the road we have embarked upon and complicate many things that have already been started or completed. All this has an immediate, profound, and harmful affect on the Czech Republic and its essential interests.

In Slovakia, a political representation emerged from democratic free elections whose aim it is to achieve the considerable and quick emancipation of Slovakia and that strives for the Slovak identity to acquire effective sovereignty and international status, that is, its own statehood accompanied by all the attributes that go with it.

Today, we cannot and neither want to anticipate what consequences this will have for the concrete form of the future coexistence between Czechs and Slovaks. However, we have to base our actions on what is obvious. The form of statehood that in 1968 was entrenched in the law on the Czechoslovak Federation and which, during the past two years, underwent several not only partial but also fundamental amendments, the form on which the previous Czech Government based its policy statement, is now, in effect, a thing of the past.

It is up to the citizens of the Czech Republic and their appointed representatives to draw all necessary consequences. We can assure you that we ourselves have been drawing all the necessary conclusions and will not be taken aback by the development of the situation.

At this moment, there is no time to analyze in detail where and when mistakes occurred. Moreover, the purpose of it would not be clear. We do not want to blame the outgoing Czech Government for its passive, rather defensive approach. We can merely say that this is the very area where we have to start almost from scratch.

The task of the Czech Government will be and, more specifically than before, to newly formulate the immediate interests of the Czech Republic. That also means that we have grown more used to addressing Czech national interests.

Among the basic interests of the Czech Republic are: continuing to build a legal and democratic state, continuing radical transformation of our economy, and continuing the integration of the Czech Republic into European and global institutions.

These interests have been endorsed by the results of the 5-6 June 1992 election. The government feels obliged by the decision of the electorate. It has made it the basis of its program and will make it the basis for its practical measures.

The Slovak political representation has received factual appointment from its electorate to formulate and implement its interests in a different way. The views of the decisive political forces of the Slovak Republic on economic transformation, foreign policy priorities, and some other things are significantly different from those of the decisive forces in the Czech Republic.

This has posed new tasks for the government of the Czech Republic. In order for the Czech Republic to be capable of existing as a sovereign state, the government has to prepare all measures necessary for a situation which may arise if the future state set-up talks fail, if federal bodies are paralyzed, or if judicial or factual separation of the Slovak Republic from the CSFR occurs.

At the same time, the government of the Czech Republic has to do everything possible to guarantee that continuing the transformation of the economy and the process of our integration into the Western world go on, no matter the final state set-up.

We are aware of the fact that the constitutional derivation of the measures needed to fulfill these tasks can subsequently become subject to different interpretations. The government intends to proceed in a constitutional way. Nevertheless, the clearance of this path does not depend only on the government. The government has a mandate to jointly, with the Czech National Council, lay the foundations of the Czech Republic as an individual [svebytny] state entity capable of sovereign state existence. It will take the necessary measures, both in the spheres of the legislative and in the institutional embodiment of its existence in the sphere of state administration, economy, security, and social and cultural matters.

It also has to create, in case such development occurs, the necessary foreign political prerequisites. One of the basic tasks in this direction will be to present to the Czech National Council the draft constitution of the Czech Republic. At the same time, the government makes it clear that it is prepared to actively and in a colleague-like way cooperate with decisive political forces of the Slovak Republic, with the aim to minimize expenses connected with state set-up changes and to exclude possible conflict and create prerequisites for future good relations between the Czech and Slovak Republics.

The following text of the government's policy statement is not and cannot be an exhaustive list of all the problems that the government is facing and which it will have to address. It only focuses on selected key areas. Its aim is main directions and goals of future activity of the government and the overall concept of its work.

Part One: A Law-Governed State.

The government will promote further strengthening of the principle of a law-governed state, parliamentary democracy, and respect for fundamental human rights and liberties. A law-governed state, the validity and observance of law, is a starting point for permanently securing, not only respect for human rights, but also for the stability and prosperity of the country. We will create space to enable a majority of citizens of the Czech Republic to exercise their will, and to protect minorities with different views, ethnic and social minorities, and their right to have their say in everyday issues of social development. The government will protect freedom of religion, since it is aware of its importance for the individual as well as for the society as a whole.

The revival of the respect for law and human rights requires coming to terms in a precise and open way with the legacy of the past regime, starting with moral condemnation of the crimes committed in the period of Communist totality and ending with legal punishment of those individuals responsible for the crimes. The government will complete quickly and thoroughly the process of the rehabilitation of the victims of the Communist regime.

The government will present to the Czech National Council a draft of the constitution of the Czech Republic as a complete project of a newly drafted constitutional system. It will be based on generally recognized principles and documents of fundamental rights and liberties and will follow upon the democratic traditions of Czech statehood. It will be a modern and effective system with balanced legislative, executive, and legal powers. The government envisages the creation of the post of president of the Czech Republic. This office will not just be a symbol of Czech statehood for the outside world, but will be a duly defined part of an effective and balanced constitutional system.

Part Two: Democracy and Public Administration of a Civic Society.

The government regards parliamentary democracy as the only [possible] form of government dignified enough for European civilization, and is ready to protect it by all legal means. It is logical that democracy cannot be limited to a state-wide level only, and that it is necessary to transfer as much decision-making as possible directly to citizens. Therefore, the government's priority number one in this area for the immediate future will be to carry out the reform of state administration and its decentralization. Both these things are necessary for a successful transformation of the economy and functioning of a free civic society. The government will see to it that in its area of jurisdiction regional and local self-administration can be exercised on a larger scale than up to now.

The changes that are being carried out in the structure of the Federal and Czech Governments will play their role as well. The government will prepare a draft bill that will stipulate anew the powers of some ministries and of other central bodies of state administration. It will also abolish some of the ministries and create some new ones. As privatization progresses, together with the development of market relations and institutions, yet more rationalization of the structure and operation of state administration will occur. Regional organization of the state will correspond to the basic democratic requirement, that is, to the transfer of decisionmaking power and responsibility as much as possible to the citizen. The basis of this regional organization will acquire the form of self-administered communities [obec], natural regions or, perhaps, historical regional units furnished with relevant powers and means that will lessen their dependence on the republican budget and strengthen the citizen's shared responsibility for the development of the community in which he or she lives.

We will create a detailed legal framework that will enable natural formation of self-administered units following conditions and mechanisms stipulated by the constitution. The government will thus resolve the demands for strengthened self-administered status of individual regions of the Czech lands, Moravia, and Silesia. All this will make it possible for the government to overcome the surviving administrative methods in state administration and to really focus on a concept-based macro-regulation, which is the true function of a modern state. The precondition of all this is also the improvement of the quality of state administration itself, the increase of its professional capacity and of the improvement of its technical and information resources, and a revival of its prestige in the public. To do so, the government will quickly set to drawing the draft bill on the legal status of state administration staff. It should stipulate both the requirements put on this staff and their duties, as well as certain compensatory measures providing for the stability and independence of their status.

We want our society to be a citizens' society, and we will promote its basic principles. These include the freedom of the individual, family as the basis of society, and equal

rights and duties for all, regardless of sex, nationality, or color of skin, religion, or political opinion.

Respect for human rights is a natural thing. An inseparable part of the rights and liberties of a civic society is the right to own property and freely carry out business activities. Therefore, the government will devote more attention to further perfection of legal safeguards and citizens' securities in this area. The government builds its policy on the idea that a man's freedom inevitably leads him to acquiring responsibility for his own actions, and at the same time that only responsible people can create a free democratic society.

Part Three: Foreign Policy.

The government perceives foreign policy as an important tool for ensuring external conditions for the free life of citizens and for [their] security and the prosperity of the state. However, it is aware that the success of foreign policy will depend primarily on what course the internal process of social transformation and the revival of Czech statehood will take, and how stable Czech society will be. The drafting of the concept of foreign policy and its implementation is an inseparable part of the building of the Czech Republic as a sovereign state unit. A lot of work is ahead of us precisely in this area, since in the past less attention was devoted to it and it also lacked an appropriate institutional form.

The government of the Czech Republic will strive to keep its foreign policy in harmony with the foreign policy of the federation and, in case of the creation of an independent Czech state, it will take over this policy in a smooth manner after making necessary adjustments to it. If this development happens, the government will guarantee the inviolability of the rights of foreign entities on the territory of the Czech Republic. We are also ready to take over international obligations of the Czech and Slovak Federative Republic, provided no other agreement on this issue is reached with the Slovak Republic. The government will respect international agreements concluded by the previous government of the Czech republic in the years 1990-92 and will support their implementation.

We will support the development of international regional cooperation. We will deepen cooperation with our fellow countrymen abroad, and we will make use of all opportunities of foreign policy for economic, scientific, and cultural development of the Czech Republic. We will strengthen our relations with organs of European communities and other international institutions.

Development of mutually advantageous cooperation with our immediate neighbors will continue to be our priority. In our foreign policy, the government will consistently defend and assert our national interest. In this connection, the government expresses its concern about the continuing support that the one-sided demands of some representatives of the Sudeten German ex-patriots association is getting from the

Bavarian Government. The government will consistently protect the interests of citizens of the Czech Republic. It will not allow the 25 February 1948 deadline for restitutions, set by the law, to be moved and will not initiate any exceptions from legal or treaty principles to let foreign citizens settle on the territory of the Czech Republic.

An immediate task of Czech foreign policy will also be to prepare the international public for the possibility of the creation of an independent Czech Republic.

Part Four: National Economy.

First—economic reform and principles of economic policy:

Among the basic goal of work of the Czech Government, there is the successful completion of the transformation of our economy to that well-tested in the world, the standard market economy, which is the necessary prerequisite for the renewal of prosperity of our country in the broadest sense of the word. Thus, not only in the material sphere but also in the intellectual sphere. The government will, therefore, consistently implement the economic reform adopted by the previous parliament.

The fact that fundamental changes have been achieved in the economic system we see as a considerable success of the progress of economic reform. The Communist system of central planning belongs irreversibly to the past. By the implementation of decisive measures of economic reform, permanent foundations have been laid for the development of a market economy. We can view as a success the fact that these profound system changes have taken place, if compared with other post-Communist countries, without serious destabilizing impact on the economy and society and that we have prevented the unleashing of inflation and managed to preserve a firm currency rate.

The government considers the hitherto energy and speed of the economic reform to be the very lowest threshold for the reform to be able to continue and have an effect. Therefore, it will strive to speed the whole process up and to deepen and strengthen all the foundation pillars of economic transformation. These are: the liberalization of prices, the liberalization of foreign trade, the internal convertibility of the Koruna [Kcs], cautious budgetary and currency policies and massive and quick privatization.

Casting doubt on any of these pillars would automatically disrupt the effect of other pillars, it would lead to the return to state intervention, and the government and the whole economy would find themselves in a reform deadlock from which there is no escape.

The government is also convinced that the sufficient speed of the reform will shorten its negatively felt impact. Economic transformation will therefore be speedy and consequential, and the government of the

Czech Republic is determined to push through and finalize such a transformation.

The basic system changes have already been effected. What remains now is the decisive system step: privatization of state ownership. Private ownership represents a fundamental and irreplaceable pillar of a prospering market economy, and the only long-term guarantee of freedom of democracy.

The privatization process must, therefore, be completed as soon as possible, because the time of pre-privatization uncertainty and unclarified ownership relationships have paralyzed investment and entrepreneurial activities and the rational economic behavior of the enterprise sphere. Every month that sees the endurance of such a status quo represents irrecoverable losses for the national economy and thus for us all.

There will immediately follow a period of finishing small-scale privatization and restitution. The government is aware of the hitherto unresolved or unaddressed issues connected with the provision of financial restitution and compensation for damage done to returned property. It will quickly initiate their solution.

On the basis of the experience with the privatization process so far, the government will see to it that the second wave of large-scale privatization is based on the use of those privatization methods that guarantee a transparent and quick course.

The government thinks that such methods are mainly coupon privatization and sale through auctions or public tender.

With privatization comes the task of building a secondary capital market to make possible capital transactions for millions of new shareholders. Its existence is a prerequisite for the ultimate success of coupon privatization and the creation of a favorable climate for private enterprise in general.

The government will initiate the development of well-functioning state control, the decisive task of which will be to permit the activities of stock exchanges, insurance companies, investment companies, and investment funds, and to regulate the securities trade. Within its powers, the state control will also check these and oversee their activities, and promote the creation of competition on the nascent capital market. These measures are necessary in the interests of protecting investors and citizens.

An important condition for effective functioning of market economy is a suitable competition environment. The government will oversee its creation and maintenance, mainly by monitoring and penalizing illegal cartel deals and by controlling market monopoly abuse. The government's economic policy is based on the principle that the basis of a prosperous market economy is individual initiative by the private owner and entrepreneur. We will therefore give maximum space to them and

make sure that the state ceases to function as a paternalistic protector of inefficient and nonviable producers.

The government will conscientiously promote macroeconomic stability, which is necessary for entrepreneurial initiative, investment activity, and effective distribution of economic resources. Within this healthy, macroeconomically stable, and maximally liberalized economic framework, the government will contribute on the microeconomic level to the rejuvenation of the economy in terms of supply and demand. It will also contribute to the speeding up of effective structural changes.

Direct intervention by the state into the economy will be sensibly restricted. The government will try to create necessary conditions to give a new lease on life to business, support the small and medium-sized entrepreneur, encourage the flow of foreign investment, and facilitate investment in infrastructure.

An important principle of the government's work will be the monitoring of economic aspects of the new relations with the Slovak Republic. We will flexibly assess them and propose measures to deal with the whole anticipated process of economic emancipation of both republics.

Second—the budgetary, currency, and price policy: The primary aim of the budgetary and currency policy is to create a stable macroeconomic framework and stable currency, which are the basic prerequisites for long-term, healthy economic growth. The position of healthy state finances and well-balanced budget management hold an irreplaceable position in this respect. The government is taking over the 1991 state budget account, which has not been closed and which, as is known, ended with a deficit of 9.9 billion korunas. This deficit, which will be a burden on budgetary management in the years to come, will be covered by the issue of state obligations with repayment in five years.

It can be expected that the state budgets both this year and next year will be under considerable pressure. It is obvious that under the conditions in this period the state budget cannot be a dominant instrument for the revival of the economy unless we wish to permit the disruption of state finance and currency. The government will therefore continue to strive for a well-balanced state budget. It will seek speedy and qualitative completion of the building of a network of financial offices [finanční úrad], including their technical and personnel support, which will create prerequisites for reducing tax evasion and for effective tax collection. Tax evasion is on par with criminal offenses. We are not going to come to terms with this.

Because of the tension in budgetary management this year, the government will continue to regulate budgetary expenditure. An analysis of the development of budgetary management in the first half of this year, including draft measures capable of sustaining the budgetary balance, will be carried out as early as July and August. This analysis will be immediately submitted to you, the Czech National Council.

With full responsibility the government will draft the state budget for 1993 in which in harmony with concluded agreements between republics and the pay for yourself [kazdy za sve] principle will be consistently implemented. This will strengthen the clarity of budget management and the specific nature of the Czech Republic. In connection with the taxation reform and with the new approach toward drafting the budget for 1993, the government will prepare a bill which will change the budgetary rules of the Czech Republic.

There will also be fundamental changes in the sphere of internal budgets. A priority task for the government will be to create conditions to increase the financial and budgetary self-sufficiency of towns and villages. In the framework of approved taxation laws, the spectrum of their own income will broaden. This will strengthen their independence and responsibility for the development of territory in their jurisdiction. This has until now been restricted by the high share of subsidies from the state budget.

The new system of budgetary management of towns and villages will be resolved by the government in 1993. The principles of spending while taking into account objectives for individual districts introduced in 1992 will be perfected further in order to remove the unjustified differences among individual districts. One of the key tasks of the government is to master the taxation reform which will be carried out [as heard] by 1 January 1993. The government does not hide the considerable complexity of this task, which proceeds from the relatively late approval of taxation bills, the time and organizationally delayed readiness of payees and financial offices, and also the lack of subsequent bills on the social security fund and on employment. The government will do everything to keep to a minimum losses of income from taxation and will inform the Czech National Council about its steps when they are taken.

Regarding dependence on the development of budgetary management, it will support the business sector by possible future reduction of the taxation burden imposed on it.

The existence of one state means the existence of one currency on its entire territory and one currency policy conducted by a single central bank. Observation of this principle is the basic starting point for all talks on the state set-up. We will assert the policy of a healthy and firm currency. The government will support a policy of the central bank which aims to achieve a low level of inflation and to preserve the present koruna rate. In cooperation with the Czechoslovak state bank the government will support the development of the internal convertibility of the koruna, moving in this way toward the introduction of its full convertibility in the future.

At the same time the government will assist the much needed improvement of the quality of banking services, above all by means of making its credit and interest policy more flexible.

The decrease in interest rates to the level roughly corresponding to the expected level of inflation is one of the necessary preconditions for speeding up the economic revival. The government will launch negotiations with banking sector as soon as possible. The government will continue to count on a temporary use of nonmarket tools in the regulation of wages in order to maintain healthy macroeconomic development. The government will gradually limit and eventually do away with wage regulation directly linked to the speed of privatization and the change in behavior in the company sphere. We will continue the process of price deregulation and gradual abolishment of price subsidies depending on the progress of privatization, on the creation of a competitive market environment, and on the development of the cost of living for citizens.

Third—the government's policy toward individual sectors: In spite of the stress on privatization and market mechanisms, the government is not giving up its share of responsibility for the economic development [words indistinct]. To speed up the restructuring of the economy, the government will create conditions for the easiest possible shift of production resources at interstate, territorial, and company level. Restructuring and economic development is not possible without these preconditions. Of course, the government will not directly organize the formation of these processes and run them. However, it will initiate their development and operation through a set of appropriate measures. We will not take part in socially orientated practices of state intervention that, under the slogan of structural or industrial policy, might try to limit or even fully replace natural market processes. The government considers the privatization and development of market relations to be the main tool for necessary structural changes, since they are the prerequisites for essential changes in the sphere of the behavior of companies, for its fast adjustment, and for a fast release of production resources that have not been rationally bound in nonefficient productions so far. Our economy cannot function merely in terms of production for the sake of production, as was the case to a great extent in the past. We will not continue to support producers that are not able to produce for the market and are not able to sell their products. Only in cases of unpredictable and more extensive collapses of foreign markets will the government take steps to alleviate the effect on domestic firms.

With the exception of selected cases, the government will not carry out restructuring of firms, because it will have to be done by their new owners. In other words, the government is working on the principle that privatization of state enterprises is a prerequisite for their successful restructuring, not the other way around.

The government realizes the danger posed to the healthy and efficient functioning of firms by bad remittance discipline and insolvency of firms. However, it does not regard blanket state assistance as a solution to the unsatisfactory financial situation of firms. Instead, it

advocates competition-driven management of loss-making, over-committed, and insolvent firms. Unfortunately, bankruptcies of nonviable firms cannot be avoided, because they are sometimes inevitable to make the economy healthier.

The government stresses the necessity of large firms speedily adapting to the conditions of the market economy. It sees the path for speedy privatization and participation of foreign capital in their restructuring. The government will monitor their situation and respond in the context of generally valid economic and social policy.

The emergence of medium-sized firms and the development of small and medium-sized businesses is connected with the speed of transformation of the Czech economy into a market economy. On the other hand, it will in turn speed up the transformation significantly.

Positive structural changes in our industry will not be possible without capital investment and without the participation of foreign capital. However, more market contributions in this respect can be expected in the medium or long term. This makes the need to speedily emphasize the support for the development of the small and medium-sized private business yet more apparent. It will have to be able to respond to demand flexibly and create jobs. In a relatively short time, this can significantly contribute to the rejuvenation of economic activity. Market economy within a specifically defined legal framework is most important for the development of small and medium-sized enterprises. The government will continuously strive to perfect the framework.

For example, the Small Business Law will be amended in terms of permission for activities, license granting, and concessions for selected types of business. The government will choose forms and methods conforming to the basic market principles in its support for the emergence and development of small and medium-sized firms. According to the capacities of the Czech Republic's budget, finance will be released according to the law mainly to guarantee bank credit, to support consultancy and information services aimed at small and medium-sized enterprises, and possibly for support of business activities abroad.

In all matters concerning small and medium-sized business the responsible bodies of state administration will cooperate with chambers of commerce as partners and view them as basic elements of enterprise self-administration. The government will also create necessary conditions for the influx of foreign capital into the Czech economy.

Among such conditions is a good flow of information to potential investors about the possibilities and conditions of investing in our country, which will be secured by specialized institutions set up for this purpose and a chamber of commerce.

With regard to the export ability of our economy, the government of the Czech Republic sees as most important that our firms are adapting themselves to foreign competition. This will be achieved only if our enterprises encounter this competition in the domestic market. The government will thoroughly promote the policy of the continuing liberalization of foreign trade, which is the most important condition for opening the Czech economy to foreign competition. Gradual reduction of customs, the removal of (non-tariff) barriers for commerce, and the removal of import surcharges in the foreseeable future will form a basis for promoting this policy in the immediate future.

The economy of the Czech Republic will become a real, open economy in the process of economic transformation. Its economic growth will depend to a considerable extent on legal export performance based on the long-term comparative advantages of our country.

With regard to the loss of a considerable part of the Eastern market resulting from the breakup of the EEC and the USSR, our enterprises are forced to change their exports to the more demanding Western markets. To penetrate those markets demands considerable effort and a certain time, although the results so far are promising. The government believes that the basic proexport stimulus is the current exchange rate of the Czechoslovak currency, as shown also by the results of our balance in trade and payment. A considerable part of our exports, in particular the goods of the processing industry, are dependent on factors other than the price. The Czech Government therefore considers its own proexport policy an important part of its economic policy and it sees its previous concept of this policy to be correct. The government intends to proceed from this policy in the future. One of its key elements is the beginning of the activities of an export, guarantee, and insurance company.

In the sphere of power generation, the government sees the key to the solution in the price policy and in corresponding legislative and institutional changes. Secondary in importance, it puts the emphasis on development or pruning programs that are individual, state-inspired, coordinated, and financed by the state. In price changes for energy the government sees the fundamental condition for the reduction of energy consumption and for structural changes not only in the power industry but in the entire economy.

Market conditions also require market prices for fuel and energy; thus, we consider it necessary for liberalization of prices of energy sources to be completed in the first two years of this government. The government will strive for the prices of energy materials which are subject to international trade—oil, gas, and black coal—to be adjusted to world prices as fast as possible from the point of view of macroeconomic stability and the social aspect. Prices for our own energy materials, such as brown coal from North Bohemia, will be determined on the basis of

long-term domestic costs of its extraction and distribution. Prices for other forms of energy of regional importance, such as heat, will be set by agreements between supplier and consumer.

The government will shortly express its view clearly on the development of nuclear power generation, including the construction of the Temelin nuclear power station.

While making sure that they are not to the detriment of the safety of the population, global economic aspects will play a priority role when making decisions. The priority tasks in the power industry will be integration into European energy networks and construction of the Ingolstadt-Kralupy nad Vltavou oil pipeline. For these investments we will use foreign credit sources to a reasonable amount.

The main thing about the coal and ore industries is to ensure a smooth and effective process of privatization and restructuring in this specific area without traumatic social upheavals. To a certain extent the state budget will have to cover the costs of eliminating the ecological damages caused in the past and contribute to the solution of burning social issues. In the interests of prosperity in agriculture and forestry, the government will continue to correct injustices regarding property issues and to restore private ownership of land and other property. The current transitional period, during which state cooperatives will be privatized, agricultural cooperatives transformed, and the privatization of state-owned forestry enterprises completed, must be as short as possible. The government will push for the creation of legislative and economic conditions that will secure equal positions of all forms of private ownership, both in agriculture and forestry, that is, of owners' cooperatives, business enterprises, and private farmers. With regard to the landscape-forming function of agriculture and forestry, and their relation to the ecology of the countryside, the government will initiate the creation of ecological projects supporting a rational development of the devastated areas of our country, in particular in the border areas. The government will work out and promptly announce detailed principles for its agricultural policy, including its links to regional problems, infrastructure, and problems of settlement in the countryside. The government will also carry out necessary changes in its regulatory tools.

The government will strive to create suitable conditions for the export of agricultural products and foodstuffs. The agricultural products market will be gradually opened to foreign competition since this competition is the only guarantee that our agriculture will reach quality and will be able to economize. The government is aware of the need to continue the policy of subsidies for agriculture. The aim of the state subsidies will be to support the transformation of agriculture into a quality production capable of competing on the world market, not to conserve today's ineffective agricultural production in many agricultural enterprises and areas.

In the area of transport, the Czech Government will initiate such transfer of power from the federation to the republics that will secure decisive legislative and executive power for the republics. In the area of transport, the government will initiate speedy drafting or amendment of a number of laws in order to eliminate the lack of competition between truckers and to create clear rules of the game in this area. Transport tariffs will be brought nearer to the costs and subsidies will be gradually reduced, but not in a way which would endanger the basic transport services for the public.

Privatization of public bus transport will continue. The government attaches exceptional importance to the completion of the D5 motorway from Prague to Plzen to Rozvadov, the solving of the transport situation at border crossings, and increasing the capacity of the Prague-Ruzyně airport. The previous system of posts and telecommunications management will be transformed within one year so as to make posts and telecommunications function on a commercial basis and so that they will be separate from one another and from the state administration itself. In the sphere of communications, the government will implement a regulatory policy that will make possible the privatization of telecommunications and that will gradually put post offices on a commercial basis. In the period to come, it will put into effect an amendment to the tariffs that will enable the running of communications companies, including post offices, without subsidies from the state budget. In this respect, the government will submit an amendment to the postal law and will organize the formation of an independent regulatory body for telecommunications. This will contribute to the creation of a transparent milieu for the entry of foreign capital and to the introduction of competition into the telecommunications business. Although the government does not contemplate direct participation of the state budget in the development of telecommunications, it will grant guarantees on development loans. The objective is to markedly improve the quality of telecommunications services both to the population and the corporate sphere and to resolve the long-term problem of dissatisfied telephone line applicants.

Responsibility for apprentice training will be gradually transferred to economic chambers and to small and medium-sized companies in individual regions. The government will draw up an entirely new concept of vocational training which will take this reality into account. On the other hand, it is not renouncing its responsibility for contributing to the financing of vocational training, for carrying out state supervision in this sphere, and ensuring the general education of apprentices.

The government is convinced that even in the sphere of industrial research and development the main stimulating factor is a healthy and demanding market environment. The government does not see a need to expand direct backing from the state budget through subsidies for individual projects. It will be creating conditions to

support indigenous industrial research by introducing new and more suitable organizational forms. The state's support activity will be channelled preferentially into the private sector.

The government will focus its attention at the problems of individual regions. The objective of its regional policy will be support for the development of new activities in the economically weaker areas and facilitating the cessation of production that cannot compete under market conditions. This policy will be targeted at supporting private activities, at the mobility of production factors, and at the development of the infrastructure, even by means of effective public capital investments. It will be based on the principle of coparticipation and coresponsibility of communities, regions, and entrepreneurs.

The government will reassess the designation of problem areas in the Czech Republic, which is to include areas which are facing the task of fundamental restructuring of economic bases, above all North Bohemia and Ostrava, and also areas which are significantly economically weak, such as some border areas.

Part Five—Social Policy:

An effective social policy and preservation of social peace are among the fundamental prerequisites for a successful transformation and further positive development of the economy and the standard of living of the population. The government proceeds from the fact that citizens are responsible for their social standing, while location and family are the basic social spaces in which the existential backing for an individual is created. The state creates legal, economic, and organizational conditions for this. The government sees its permanent task as the need to influence the economic development in such a way as to keep at a minimum the level of unemployment and its duration. The government supports the active employment policy and guarantees the payment of unemployment benefits to job seekers according to the law. It will focus its active measures on support for broadening the scope for new jobs by means of the development of small private businesses and small firms, retraining of citizens in harmony with the situation in the job market, and stimulating the employment of citizens who have a more difficult position in the job market. The latter are citizens with a reduced ability to work, women caring for children, and young people. The government will implement a differentiated approach in harmony with the problems in individual regions.

As a sequel to the taxation reform, the government will submit an amendment to the law on the system of financing the employment policy, separated from the state budget and based on contributions made by employers, employees, and those in gainful employment, and possibly the state. The government proceeds from the fact that the market economy and privatization demand a corresponding change in employment legislation, so it will immediately start work on amendment of the Labor Code.

The government recognizes the irreplaceable importance of trade unions for pushing through interests of their members and for preservation of social peace in the society. The government will participate actively in mediating in dialogues between representatives of trade union associations and employers. It will continue to watch carefully the development of real wages and incomes of the population.

Transformation of the present system of social security is among the basic tasks the government faces. In order to safeguard citizens in an appropriate way against illness or old age, the government will propose new legal adjustments of general retirement and sickness insurance. It will be financed separately from the state budget and will change to a system of independent insurance institutions financed from contributions from employers, employees, and self-employed persons, and possibly also the state. On a voluntary basis, this basic social insurance will be supplemented from a system of supplemental insurance which will make it possible to respond to different conditions in terms of individual specializations, firms, and jobs, and also the attitudes of individual citizens. The government will also submit a proposal for legal amendments to the principles of providing state social benefits in such a way that the previous blanket entitlement will be changed to a differentiated one which will take the income and property situation of the citizen and his family into account.

The government will secure the system of social assistance, which will have to be born predominantly by the communities, civic and charitable organizations, and other non-state subjects, by providing the minimum necessary support to those citizens who find themselves materially or socially impecunious and unable to resolve the situation without outside help.

The government will strive to create the widest possible scope for the market conditions in the area of housing and to gradually, but not slowly, approximate rents of all apartments and houses to all market price relations, and to overcome the hitherto rigid development of legal and economic relations in housing. The prerequisite for the creation of a market in the area of housing will be the amendment to regulations on ownership. In this connection, the government will urgently resolve the problems of cooperative apartments which are connected with the transformation of cooperatives.

The government will prepare without delay new guidelines for the participation of the state in new housing and will help do away with the longstanding crisis in the maintenance of housing stock and apartments. The government will widen the system of financial assistance, which will be a specific purpose benefit for housing as social security for families with children, retirees, disabled, and other groups of socially weak tenants. The

government is also anxious to establish a good relationship between the owners of houses and tenants in apartments. It will do so by giving maximum support to the development of a market in housing and in strict observation of the code of law.

Part Six—Environment, Health Services, Education, Science, and Culture:

First, let us examine the issue of the environment. The government sees the improvement of the environment as an utmost priority. At the same time we know that the devastation brought about during the past is as bad as that in other, equally important spheres. It is not just the environment which we have inherited in a dismal state, but also the economy, education, health services, and other areas. There are no easy, quick, or problem-free solutions to our ecologic problems. However, a prosperous economy is a guarantee for sufficient resources to finance ecological programs and gradually eliminate the inherited damage. The government is working on the general principles which will ensure that the true interests of the protection and creation of a healthy environment will not be in contrast but in harmony with the aims and methods of economic development and a market economy.

In addition to ecological investment, the policy resolving the needs of the environment will be asserted via legislative, price, and taxation instruments. In harmony with this attitude, remaining subsidies for productions which burden the environment will be removed. On the other hand, support will be given by suitable economic instruments to such productions and activities which recycle materials and those which create only the minimum of harmful and difficult to dispose of wastes.

Special attention and support will be devoted to a system of effective liquidation of harmful wastes. The program of radical reduction of emissions from thermal power stations will continue and their operation will be reduced in highly polluted areas, especially North Bohemia. Priorities and principles of the energy policy will be outlined, linking them directly to the solution of needs of protection and the environment.

The government will propose legislative and institutional measures to fundamentally improve the biological value of foodstuffs and the quality of drinking water sources. The principle that costs for reducing and removing the harmful impact on the environment will be born by those who cause them will be a stimulus on and recurring principle for the policy on the environment. The inherited catastrophic state of the environment is so extensive that any fundamental improvement of it represents tasks which will take more than one term in office to solve. The government will do everything to limit the extra time needed to the minimum.

Second, the issue of health services, which is one of the government's priorities. We proceed from the assumption that it is necessary to strengthen the responsibility of the citizen for his own health. A significant improvement

of health service standards and achievement of European standards are the aim of the government. In harmony with the global economic transformation of society, it is necessary to start and to develop privatization of health establishments, to separate the health insurance fund from the state budget, and to complete the system of sickness benefits. The government will respect the principles of ecological calculations in the entire health service sphere.

The government will create conditions for the development of private health establishments in order that a whole network of private health care is created to provide health care on the basis of general health insurance, as in the state health service network. The government will draft principles for a combined system of financing for health care. During the transformation of health service, the state will remain a guarantor for its accessibility to all citizens.

In the centre of government's attention will be the struggle against serious problems threatening the health of the society, above all AIDS, drug addiction, and alcoholism.

The government wants to contribute to the revival of the dignified status of physicians and other health workers in the society by the improvement of education for health staff, through the removal of the state from health care and the completion of the health insurance system.

Third is the issue of education and science. The government is aware of the importance of education for every individual, for both economical and cultural development of the society and for the overall character of the future state. The government will develop a modern strategy for educational and school policy that will be open to the world development and aimed at joining traditional West European democracies. The government's educational policy will be closely linked to other aspects of government's policy, to the implementation of the economic reform, and especially to the government's social policy, primarily in the area of employment and family support. In its school policy the government intends to intensify its active cooperation with the public, to enable the development of alternative educational systems, and to decentralize the school administration. It means to shift a substantial part of power and responsibility from state administration bodies onto individual schools and teachers.

Alongside the enhancement of schools, steps will be taken to enhance the role of the family, of the community, and of other components of society in the upbringing and the permanent process of citizens' education. It will be the government's task to prepare new legislative measures for the provision and acquisition of education. It will guarantee that all schools—state, church, and private—develop under comparable conditions. Another task will be to provide primary education to all children and to guarantee the standard of education corresponding to the domestic traditions and to our

place in Europe through legislative definitions of the basic core of education and the definition of educational norms. Above these agreed norms there must remain enough space for a pluralistic diversification of schools.

As regards higher education, in particular technical education, supported by the state in an effective way and without wasting resources, the government will create conditions for the schools to get resources from other sources than just the state budget and to strengthen the close cooperation of schools with productive components of the society. State subsidies for schools will be largely reduced in favor of students. In higher education the indirect subsidies to institutions will be replaced by direct grants and loans to students. As far as secondary and university education is concerned, the extent of necessary state subsidies will have to be further assessed. However, the government will strive to secure that all citizens have access to all levels of education so that talent is not wasted due to the unfavorable social situation of talented students. The government is convinced that to make use of economic mechanisms and relations mainly in the area of financing is one of the most effective means of ensuring qualitative changes in the Czech education system. It will therefore make good use of these instruments in its policy.

The government will create conditions for the development of science, in particular by supporting such organizational and institutional structures that will help overcome the present unhealthy separation of science from universities and technical colleges, the institutes' monopoly position in elementary research, and isolation of Czech science from the European and world science community.

The government will also assist in creating an atmosphere in which it will be easier for sports and physical training to gain non-state resources in order to meet the demands of the sporting ambitions of broader society and top professional sportsmen.

Fourth is the sphere of culture. The preservation and development of our society's cultural wealth is one of the prime tasks of the government. In its cultural policy the government will be asserting the principle that sovereign in the field of culture is neither the state nor individual cultural institutions, but the individual, who the cultural assets are for.

We do not denounce our responsibility for financing cultural monuments and cultural output, but we will create conditions ensuring that private and public non-state initiatives will contribute to the financing of artistic activities and the preservation of our cultural heritage. Being aware of the fact that Czech culture is an indivisible part of the European and world community, the government will create conditions for the Czech culture's full incorporation into the common European and world cultural knowledge.

The protection of cultural heritage is a responsibility common to the state, community, and individual. This is

why we regard the adoption of new legislation as a basic prerequisite for its protection, with the stress on the precise definition of the role of the state and on the rights of the owner of a cultural monument.

The state will continue to play a decisive role in the efforts to maintain the network of public libraries, museums, and galleries, which represent an important part of the system of education and cultural environment. The government will continue the transformation of state administration in the sphere of culture, the process of gradual removal of the state from a number of cultural institutions which were directly controlled by the state until now, and in the creation of independent institutions for the rights of the public [verejno-pravni instituce].

The government will focus attention on the problems of copyrights and their observation. This will also apply to foreign countries. Attention will also be focused on the abolition of the previously valid state monopoly in the sphere of cinematography.

By legislative and economic means we will strengthen the role of local administrations to create conditions for the development of cultural life in villages and regions. We will strengthen the cultural individuality of national minorities. We will also pay attention to supporting the cultural identity of our fellow countrymen abroad and create conditions for good publicity about the Czech culture.

The government will make sure that religious and citizens' tolerance is observed. Being aware of the irreplaceable role of churches and religious societies in a free society, it will create conditions for all their activities.

The citizen's right to information is a basic right. This applies to the sphere of distribution of daily press and transmission of signals as well. The government will assert pluralism in the sphere of the mass media, because competition in the information sphere is a guarantee of good quality and objectivity. Also in the case of the mass media, the government will support the process of privatization and private enterprises.

Part Seven—Legislation and Judiciary System.

The pivotal task of the government in the legislative sphere is to continue in the fundamental reconstruction of the legal order, directed toward guaranteeing pluralist democracy, functions of the legal state, transformation of the economy, protection of property, and the development of private enterprise. The basis of this reconstruction, which we link with the renewal and full implementation of democratic legal principles and the traditional (?legal) concepts and institutions, has been laid in the course of the past two years, although maybe not entirely systematically. The forthcoming period is viewed by the government as a period of reform of the legal order which will react to the present processes taking place in society and the economy and to the urgent need to strengthen Czech statehood.

With regard to the experiences gained so far, we consider it necessary to bring into legislative activity more structure and order, to increase the factual and formal standard of legislative drafts, and to improve communications between the government and parliament in preparation of such drafts.

In the creation of generally binding legal measures, the government will ensure that they are in harmony with similar legal norms in other European communities. The government wants to embark on a reform of criminal and civil law which in addition to equal access to courts and a just hearing of their cases, will guarantee for citizens timely and effective protection of their rights and will prevent criminal offenders from escaping justice easily. It still has to decide on further humanization of time in custody and sentences, aiming to achieve the minimum standard in terms of UN rules on dealing with prisoners and European prison regulations and in harmony with the aims of custody and sentencing.

The government will create conditions to resolve the issue of employment of those people who have been convicted of crimes.

Great effort is demanded to fully renew the position, role, and prestige of courts and to establish a judicial system for the legal state. The present state of affairs is causing concern. It is even critical in some respects, since both demand on the quantity and quality of performance of the justice system are growing significantly.

The government is determined to complete the solution of problems accumulated in the totalitarian regime period, to strengthen the guarantees of the independent judicial system, and to improve the personnel, organization, and material prerequisites for its proper functioning. It is doing so aware of the fact that the independent courts are one of the pillars of the legal state and an irreplaceable guarantor of law's sovereignty, implementation, and protection of citizens' rights and freedoms. Concerning the prosecutor's office, the government will strive for transformation of the present model, with the aim of setting up an institution of state representation with a precisely outlined position, above all in criminal proceedings. It is nevertheless aware of the fact that this institution has to continue to fulfill its functions all the time.

Part Eight—and the final before the conclusion—Security Policy and Control:

The government attaches great importance to the protection of the rights of citizens, their freedoms, life, health, and property. The present poor state of affairs in this sphere is becoming a destabilizing political problem.

The government is determined to reduce considerably the increasing number of criminal offenses, to strengthen the authority of the police force, and to create sufficient legislative, material, technical, and financial conditions in the struggle with violent crimes against property and in the struggle against organized crime. The government

will support programs for crime prevention, while emphasizing the prevention of drug addiction by young people. The government will also support efforts for the cooperation of the police and the coordination of all bodies active in criminal proceedings. It will pay a special attention to the protection of the economic interests of the Czech Republic. If necessary, the government is ready to take over all the necessary powers necessary for the protection of internal law and order and the security of the Czech Republic quickly and in a business-like manner.

The Ministry of State Control will be active on government's side first and foremost by controlling the privatization process, by controlling the expenditure of the state budget, and by controlling the subsidy policy. Supervision of processing petitions and complaints levelled at state administration will be a specific sphere of its work.

In terms of the future, the government regards it as effective to comprehensively deal with the control system in the Czech Republic by transforming the Ministry of State Control into an independent controlling institution in line with the standard in democratic states. In order to ensure truly independent functioning of this institution, the government will draw up proposals for the necessary constitutional and other legislative measures.

In conclusion, allow me to say a few words. As this statement clearly indicates, the government and the entire Czech public are facing a number of demanding tasks. The first and most basic is to continue along the path embarked upon by the Czech public in November 1989. What this means is to continue building a law-governed state based on the principles of parliamentary democracy and on the respect and esteem showed to a free citizen as a basic pillar of a political system. Because a civic society incorporates out of necessity both political and economic freedoms, the government will complete economic transformation and will create conditions for the renewal of a prosperous economy. Because the process of political and economic renewal is possible only in a stable and democratic Europe, it will ensure further integration into the family of advanced democratic European states. The government will reflect the basic values which are its starting point into all areas of the life of society, whose administration has been entrusted to it. In all this its efforts will be aimed at building a solid state and constitutional framework to promote all its efforts to build the Czech Republic as a full-fledged state formation.

The time allocated to us to fulfill these basic tasks is limited. The support on which we can count has its limits, too. The government mandate is based on the fact that for a precisely defined period it has been given a chance to administer public affairs. We are aware of the fact that our affairs are subject to strict public control and we count on this. The area in which we are able

move is also predetermined by the state of public awareness in our society. The feeling of unity of citizens and state and the degree of our political cultural standard play a specific role here. All these are the reasons for our assuming that the immediate important tasks the government faces cannot be perceived solely as a matter of interests of certain political groupings that form the current government coalition. Much will depend on whether we will succeed in creating the necessary, widest possible social consensus encompassing a broad spectrum of democratic political forces represented in a legislative corp and finding sufficient support from the Czech public. We do not wish to conceal either the seriousness of this moment or the magnitude of the risks the government is assuming in the fulfillment of its resolutions. We are aware that without the broad support of the public and its responsible representatives, even the best possible intentions will remain only wishful thinking. Now, during these days, weeks, and months, the political fate of the Czech Republic, Czech society, and the Czech nation is being decided for many years to come. We are ready, in line with our powers, to set about the difficult tasks that lie ahead for our state. We ask you, the elected deputies of the people, for your approval, and you, the Czech public, for your help and solidarity.

Esteemed lady deputies, esteemed gentlemen deputies: Being charged to do so by the Czech Government, I have presented the government policy statement for the period 1992 to 1996. In line with Article 127 of Constitutional Act 143 of 1968 of the Statute Book of the Czechoslovak Federation, I ask you, after discussing this policy statement, to declare confidence in the Czech Government.

Thank you for your attention.

Slovakia Offered Full European Integration

*LD1307215292 Prague Stanice Ceskoslovensko
Radio Network in Czech 1400 GMT 10 Jul 92*

[Text] Leopold Giunti, head of the EC commission in Czechoslovakia, today said that it was in the interests of the Slovak Government to build democratic structures. He said this during his meeting with Slovak Prime Minister Vladimir Meciar in Bratislava. According to an unnamed person who attended the meeting, full political support for the Slovak Government in the direct integration of Slovakia into Europe was allegedly mentioned. On behalf of the government, Vladimir Meciar offered all necessary conditions for the work of EC bodies and experts on the territory of Slovakia.

Council of Europe Leader Meets With Meciar

*LD1307115892 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1630 GMT 12 Jul 92*

[Report by Michal Michalcik on the visit by Catherine Lalumiere, secretary general of the Council of Europe]

[Text] The top representative of one of the oldest European organizations first had a working lunch with Slovak Deputy Chairman Milan Knazko. Their dialogue—in French—was interesting and informative for both sides. Catherine Lalumiere arrived at the Slovak Government office at about 1610. Slovak Prime Minister Vladimir Meciar summed up their conversation, which lasted for more than one hour, as follows:

[Begin recording] In our talks with Mrs. Lalumiere, we assessed the situation in Czechoslovakia in general and in Slovakia in particular. We also discussed the existing relations between the Council of Europe and Czechoslovakia and the Council of Europe's ability to accept the new developments, in the sense of whether it would be necessary to conclude new agreements or under what conditions the act of accepting the developments in Czechoslovakia could be made.

We also discussed issues related to the future development of Slovakia as a democratic republic. In this respect, we asked the Council of Europe to assist us not only as a control body; we also agreed to and even asked for international monitoring of the observance of minority rights on our territory. We would welcome a European Council commission of experts so that all of Europe can learn the truth. At the same time, we asked experts for help in building Slovakia's architecture. This means help in drafting a constitution and establishing a pluralistic political system, new economic relations, and relations with foreign countries. We have received assurances that our request will be assessed in a positive way. [end recording]

During her meeting with President Vaclav Havel at the CSCE summit in Helsinki, the secretary general of the Council of Europe discussed the worries expressed by some Hungarian politicians and representatives of the Hungarian minority in our country over the breakup of Czechoslovakia. During a brief meeting in the lobby, we wanted to know whether she felt a sense of alarm in her talks with the Slovak prime minister; that is, whether the statements by Hungarian politicians proved to be true.

[Begin Lalumiere recording] This issue—the concerns of the Hungarian minority in your country—was discussed in today's talks with Prime Minister Meciar. Your prime minister assured me that if Slovakia became an independent state, it would take a form chosen by Slovakia in a democratic fashion. It would be a country that would respect all human rights, including the rights of ethnic minorities, the Hungarian minority included. Mr. Meciar assured me that all eventual changes would be carried out in a democratic way. [end recording]

Asked whether both new parts of our country would have to reapply to be admitted into the community after a split, Catherine Lalumiere gave a rather evasive answer. In this case, according to her, one cannot talk about succession. In her personal view, we will most likely have to start from scratch.

Foreign guests often come to Bratislava under the influence of views of Czech politicians and, mainly, Czech journalists. It seems Catherine Lalumiere did not manage to avoid this.

[Begin Meciar recording] The reason for this is that the information she had before she came here and what she heard here were at two different levels. We discussed Slovakia's history and its relation and links to the present time. Here we were able to state—unequivocally, I think—that there is a difference between what the

newspapers write and the truth. Mrs. Lalumiere was partially able to face the truth and I think she is leaving satisfied. [end recording]

I just want to add that the secretary general of the Council of Europe took part in the opening ceremony of the Second Week of European Youth in Bratislava. At this moment, she should be meeting with Slovak National Council Speaker Ivan Gasparovic. Tomorrow, she will address participants in the Bratislava event and at 1000 will meet with journalists at the School of Economics.

European Military Unions Meet in Budapest

*LD1007081892 Budapest MTI in English 1639 GMT
9 Jul 92*

[Text] Budapest, July 9 (MTI)—Social and financial conditions of East-Central European soldiers and their families were in the focus of a European organization of military unions (EUROMIL) presidium meeting over the past two days.

Present at the meeting were representatives from two Hungarian military unions, Austria, Belgium, Czechoslovakia, Denmark, France, Germany, Greece, Ireland and the Netherlands.

Delegations from Romania and Russia were present as observers.

The meeting set up a committee to study social problems within national armed forces, to work out proposals and submit them to governments and parliaments.

Elected chairman and deputy chairman of the social committee are Brig. Gen. Rudolf Schleifer, Austrian civil servants, union military section head, and Maj. Mihaly Volontar from the Hungarian Military Union.

Reactions to Goncz Decision on Radio, TV Chiefs**Antall Letter Publicized**

*LD1407084992 Budapest Kossuth Radio Network
in Hungarian 1630 GMT 10 Jul 92*

[Text] The Prime Minister's Office has made public a letter sent by Prime Minister Jozsef Antall to President Arpad Goncz in connection with the president's decision not to recall the presidents of the radio and television organizations from their positions.

The prime minister states that he does not consider the substance of the decision to be lawful because the reasons and arguments on which Arpad Goncz based his decision are not in accordance with the requirements stated in the resolutions of the Constitutional Court. The letter from Jozsef Antall recalls that the president of the republic refused to relieve Csaba Gombar [president of the radio organization] because the document on the hearing by the parliamentary committee was missing.

However, according to the usual practice, the president has not required documents on proposals for appointment or relief, and valid legal regulations do not otherwise stipulate the attachment of such a document.

The other reason for refusing to relieve Gombar was that a repeat hearing by a parliamentary committee was not held. This did not happen because Arpad Goncz had already rejected the first motion on the basis of an erroneous legal interpretation.

The letter from Jozsef Antall continues as follows: I profoundly regret that Mr. President, by refusing to relieve Csaba Gombar, thereby provides particular legal

protection and guarantees, and thus virtual inviolability, to a person holding a responsible, high position who seriously and crudely violated valid laws on several occasions.

I consider that retaining such a person in the position of president of Hungarian radio, as a public service information institution, to be a very serious and dangerous precedent from the point of view of the assertion of the principles of legal statehood, as well as demanding from everyone law-abiding conduct.

In connection with the decision by the head of state to refuse to relieve the president of Hungarian television, the prime minister states that if it can be established that by fulfilling the appointment or relief proposal a person would end up heading the national media who is unable to safeguard the performance of the institution's basic tasks and its impartial functioning, then the proposal must be refused. However, in the decision of the president of the republic there is no evidence that might serve as a basis for the conclusion that was drawn.

Further on, the prime minister expresses his concern regarding the constitutional nature of the decision in general. As he points out, it can be ascertained from the various manifestations of presidential activity that Arpad Goncz interprets his authority more widely than the framework laid down in the Constitution, and in his decisions political considerations are given a significant role.

Jozsef Antall goes on to say that earlier experience shows that Arpad Goncz interprets and practices his constitutional authority beyond the limits laid down in the basic statutes. An example of this was his order issued at the time of the blockade by taxi drivers.

Further on, the prime minister's letter returns again to the decision of the Constitutional Court, according to which executive power is exercised not by the head of state and the government together but solely by the government. In certain cases, regarding legislation and certain appointment decisions, the yes vote of all or two-thirds of the parliamentary deputies present is necessary. However, in matters, where the law does not stipulate a majority decision, the general rules of parliamentary democracy prevail. It is without foundation to require a six-party consensus, for example, on the appointment of media presidents because the law regarding their appointment does not raise such a demand.

No interparty consensus in itself, even the consensus of the six parliamentary parties, guarantees the unbiased operation of the media, free from the influence of all interest groups and power factors. The enforcement of the freedom of the press should have much wider and more secure conditions than this.

The government, in agreement with the president, does everything in its power in order to fully guarantee the principles of the constitutional statehood and especially

that of the basic freedom rights, the letter continues. Therefore, it still considers its primary obligation to do everything in order that the bill on the radio and television already submitted to parliament should be adopted as soon as possible. It is the government's conviction that this would best serve the undisturbed operation of the public service media and the enforcement of the freedom of the press. However, as this falls into the group of the so called two-thirds majority law, the government cannot guarantee its adoption and the time of the adoption cannot be defined now either. Therefore, until the 1974 decree stipulating government control of radio and television is enforced, the government is obliged to adhere to its directions and to make sure that they are adhered to.

The letter of Jozsef Antall ends like this: "Esteemed Mr. President, I consider it extremely unfortunate that certain political forces, in the interest of their goals, confuse the country's grave economic and social problems with an argument over the interpretation of a concrete legal matter. I am sincerely sorry that due to the matters expounded in my letter, certain differences of opinion occurred in our cooperation. I hope that these principal and legal questions will be successfully settled as soon as possible according to the rules of parliamentary democracy."

MDF Issues Statement

*AU1107145792 Budapest MAGYAR NEMZET
in Hungarian 7 Jul p 1*

[Text] The executives of the National Presidium of the Hungarian Democratic Forum [MDF] issued the following statement on 4 July:

We learned with regret that Arpad Goncz, president of the Hungarian Republic, made a clearly political decision regarding the chairmen of the Hungarian Radio and Hungarian Television. By this decision, Arpad Goncz exceeded the role and authority designated to the president by the Constitution of the Hungarian Republic. We think that his step aims to overthrow Hungary's constitutional system based on parliamentary democracy. The danger of the effects of this step is increased by the fact that it is reviving the autocratic efforts in a Hungarian

Republic whose young democracy has recently left behind the communist dictatorship.

Arpad Goncz is politically and morally responsible for abusing the confidence invested in him by the freely-elected Hungarian Parliament and for not being worthy of personifying the trust in a constitutional order. By openly making a political decision, the president of the Hungarian Republic in fact served partial political interests, and did not distance himself from the circles hindering the peaceful and efficient restructuring in Hungary. On the basis of all this, we cannot regard Arpad Goncz as a president of the Hungarian Republic who is above political parties, and we call upon him to fully comply with his constitutional role and authority. Lakitelek, 4 July 1992. The Executives of the National Presidium of the Hungarian Democratic Forum.

State Debt Increasing; Foreign Debt May Decrease

*LD1407102192 Budapest MTI in English 0830 GMT
14 Jul 92*

[Text] Budapest, July 14 (MTI)—Hungary's state debt continues to increase because the deficit of the central budget is much larger than expected and the forint was devalued twice—a total of 3 per cent—this year.

In late 1991, the state debt registered by the National Bank of Hungary (NBH) stood at 1,835.9 billion forints. Within this, the state owed over 1,000 billion forints to the NBH and some other banks, upon which interest is charged. In the first half of 1992, this part of the state debt even increased since the deficit of the central budget surpassed 100 billion forints in late June.

In 1990, the state debt amounted to 65.3 per cent of GDP [gross domestic product], and a year later to 79.8 per cent. In 1992, this proportion is expected to further deteriorate since GDP, calculated on real terms, is likely to decrease by 3 per cent, and even a 4-5 per cent drop is conceivable. In nominal terms, GDP may grow from last year's 2,300 billion forints to 2,700 billion this year.

The NBH plans to replace the loans granted to the state budget before 1990 by state securities.

While the state debt continues to increase, foreign debts stopped growing and might even start decreasing.

Official, Paper Evaluate Impact of Bush Visit**Foreign Ministry Official Comments**

AU1007182692 Warsaw ZYCIE WARSZAWY in Polish
8 Jul 92 p 2

[Interview with Zbigniew Lewicki, Foreign Ministry department director, by Pawel Lisicki; place and date not given: "The Americans Treat Us Like An Ally"]

[Text] [Lisicki] President Bush's visit was not just symbolic—his participation in the ceremonies connected with the internment of Paderewski—but also political. What was the most important political aspect of it?

[Lewicki] The Paderewski ceremonies were just a pretext for the visit. I must tell you something that has already been said several times. The American President is fond of Poland. The most important thing is that Bush made it clear that he does not think that the present Polish problems mean that the reforms have collapsed. On the contrary, Poland has chosen the correct path for change and the difficulties it is experiencing are quite normal. The fact that Bush chose Poland as the only country he would visit before the G-7 summit shows that he has confidence in the stability of our country. As we know, it is thanks to stability that one may win foreign investment and achieve economic success.

[Lisicki] One of the topics discussed by Presidents Bush and Walesa was the future of the zloty stabilization fund. Some political commentators claim that Bush's promise to hand over the entire fund to Poland means that he has been handling money that does not belong to him and tried to win popularity at other people's expense.

[Lewicki] That contains as much truth as any evil rumor does. President Bush did not promise he would give Poland the entire fund. All he said was that the \$200 million American contribution to this fund would be transferred to Poland, and that he would try to persuade the other G-7 countries to do the same with their contributions.

One must realize that Poland is too weak to conduct talks with the G-7 countries on its own. Therefore we need someone to represent Poland at this forum, and that someone may be President Bush.

[Lisicki] We are talking about nothing but Polish interests and Polish demands. What did Bush want to achieve during this visit?

[Lewicki] As far as our relations with the United States are concerned, it is necessary to implement a few changes in Polish legislation for these relations to develop. One example is copyrights. As long as our law does not protect the interests of American businessmen, one cannot expect them to become more involved in Poland. There are times when Poland must give, and not just take.

Another important matter is customs duties. The Americans realize, of course, that the 12 EC countries have

priority because of Poland's treaty on association with the EC. Nevertheless, they still insist on special rules for themselves, and rightly so. After all, America has not just given us \$4 billion over the past few years but has also granted us major customs concessions.

[Lisicki] There is a lot of talk about American investment in Poland, and yet American private entrepreneurs prefer Hungary and Czechoslovakia.

[Lewicki] It is not true that American private firms are not investing in Poland. Giant firms, such as General Motors, Levi-Strauss, Pepsi, and Ford, have invested here over the past few months. I think small firms will follow. We must be patient.

[Lisicki] What place does Poland occupy in American politics? Has Moscow not distracted America's attention from us recently?

[Lewicki] Poland is not Russia. The two countries are completely different. This is a qualitative difference, not a quantitative one. Poland occupies a separate place in American politics, and its status therein is not dependent on relations between Washington and Moscow. Numerous talks with American politicians show that the Americans treat us like an ally. Such is the climate of our talks, and I think this climate reflects political reality.

Commentary Praises Bush Visit

AU1007183892 Warsaw POLSKA ZBROJNA in Polish
6 Jul 92 p 1

[Lech Lewandowski commentary: "Bush on the Vistula River"]

[Text] U.S. President George Bush only spent a few hours of one July Sunday in our country, but it was a very important few hours for Poland. After all, this visit took place prior to the G-7 talks in Munich, at which Polish affairs were to be discussed. It is very important to have had an opportunity before the G-7 summit to present our problems and our expectations connected with it, and to do so to the leader of the world's leading power. The subject of our concern was new forms of Polish cooperation with the West in the implementation of our reforms, including the use of the stabilization fund, totaling \$1 billion and deposited in the U.S. Federal Reserve, for development purposes.

Poland and the United States maintain very good relations, the particular nature of which is symbolized by the great Pole Ignacy Jan Paderewski, whose remains have been brought back to Poland from the United States. At the same time, Washington sees Poland as a country where the collapse of the communist system has begun. This is a country that occupies an important place in American-Central-East European policy due to its situation, size, and potential. Last but not least, the West views Poland as a country that, having overthrown

communism, should also achieve success in economic restructuring. The success of this experiment possesses not only an economic dimension but a political one. This success is needed not just by us but by all the postcommunist countries, because the economic difficulties in some of them could lead to a return to the old order.

In a nutshell, the historic struggle for a democratic victory in the postcommunist countries is not over by any means. After the overthrow of the old structures, a second stage of this struggle, no less important than the first, will be fought in the economic sphere. A positive example by Poland could have a major effect on this process on an international scale, so the stakes are very high. At stake is the success of the whole great process of creating a new democratic order on the territory of the former eastern bloc.

Powell Meets With Acting Minister, Deputies

*AU1307110492 Warsaw PAP in English 2105 GMT
8 Jul 92*

[Text] Warsaw, July 8—Chairman of the U.S. Committee of Joint Chiefs of Staff, General Colin Powell, on Wednesday [8 July] held a series of meetings with Acting Defence Minister Janusz Onyszkiewicz, Head of the president's National Security Office Jerzy Milewski, and Chief of Polish Army General Staff General Zdzislaw Stelmazuk with whom he discussed European security and NATO's role in maintaining it.

During a conversation with Janusz Onyszkiewicz, Powell said he would like to step up cooperation between the American and Polish Armed Forces.

Speaking to journalists after the meeting, General Powell denied that the question of leasing American military hardware by Poland had been also discussed.

According to Janusz Onyszkiewicz, the most important American assistance now is training Polish officers and consultancy for the Polish arms industry which is now being restructured.

Speaking to Powell, Jerzy Milewski stressed Poland's efforts to join NATO, the continent's reliable security system and a stabilizing role of the American forces in western Europe. Milewski and Powell also discussed bilateral military cooperation.

The American guest also met with deputies of the Sejm's National Defence Committee to review the restructuring process in Polish arms-producing industry, cooperation between Polish and NATO armies, and the possibilities to restore peace in Yugoslavia.

General Colin Powell's visit to Poland is part of his European trip during which he will also visit Czechoslovakia and Hungary.

Skubiszewski Comments on CSCE Conference

*LD1107170192 Warsaw Radio Warszawa Network
in Polish 1005 GMT 11 Jul 92*

[Text] Our reporter asked Foreign Minister Krzysztof Skubiszewski for a comment on the significance of the CSCE summit. Here is what he said on board a plane returning to Warsaw from Helsinki:

[Begin Skubiszewski recording] It is important for us that the CSCE continues to play the role of a forum for security and disarmament. Poland's role is very important here. In all disarmament solutions, we are dealing with certain neighbors, much stronger militarily than we are. An agreement signed by President Walesa and myself, that concluded the negotiations limiting land forces and also air forces, creates some stabilization. Why it is important? Because only Germany has adopted certain limits connected with unification so far. Maybe it would be advisable to extend it to other states.

The CSCE should remain a forum for supporting human rights. The CSCE has its role to play, in new states in the east in particular. These are not only human rights, but also the building of democratic institutions. The summit has decided to set up the post of Commissioner for Minorities. This is important, and the post must be filled quickly. [end recording]

Russian Air Force Begins Withdrawal From Kluczewo

*LD1007164592 Warsaw PAP in English 1239 GMT
10 Jul 92*

[Text] Szczecin, July 10—The withdrawal of a Russian Air Force Regiment from Kluczewo, north-western Poland, began on Friday [10 July]. A total of 31 combat planes and 6 training planes left the local airport on that day.

The Russian Army is to control the airport till the end of 1993 using it to transfer troops from Germany to Russia.

Some 300 Russians from the airport's ground staff are to stay in the garrison.

Soviet soldiers also remained at Szprotowo, the western province of Zielona Gora, from where an Air Force unit was evacuated on July 7. The soldiers are to take care of the Soviet belongings.

Trade Talks With EFTA Termed 'Difficult'

*LD1307181792 Warsaw PAP in English 1650 GMT
13 Jul 92*

[Text] Warsaw, July 13—An agreement on general issues has been reached by Polish and EFTA [European Free Trade Association] negotiators in Geneva recently, but the Polish side will sign the treaty only after bilateral

talks with individual EFTA member states are completed, a deputy director in the Foreign Trade Ministry told PAP Monday [13 July].

According to Mieczyslaw Nogaj, the entering of the treaty into force on 1 January, 1993 is now under a question mark.

"The talks are difficult," he admitted. "They deal with agriculture, fisheries, and access to fishing grounds, which are all sensitive issues for EFTA countries. Nonetheless, both sides are interested in reaching an agreement," he assured.

Agreement Signed With Germany, Obstacles Remain

*LD1307215992 Warsaw PAP in English 2113 GMT
13 Jul 92*

[Text] Warsaw, July 13—Chairman of the German Chambers of Industry and Commerce Hans Peter Stihl and Andrzej Arendarski, newly nominated Polish Minister for Foreign Economic Cooperation who also chairs the Polish Economic Chamber, signed here Monday [13 July] an agreement on cooperation between the two chambers.

The German guest, voicing dissatisfaction about the hitherto development of German investments in Poland, did not conceal his hope for continuation of the reforms' stabilization line, including prompt privatization, by Hanna Suchocka's Government.

Among obstacles to development of German investments in Poland Stihl named political instability of the country, infrastructure problems and unclear legal regulations.

Reservations of Polish society about the foreign capital presence, especially the German one, Stihl summed up by saying that Poles should resolve whether they want to continue to live in fear or invite German capital.

New Government Outlines Goals, Begins Work

Suchocka News Conference

*LD1307123892 Warsaw Radio Warszawa Network
in Polish 1719 GMT 12 Jul 92*

[News conference by Prime Minister Hanna Suchocka with unidentified correspondents in Warsaw—recorded]

[Text] [Suchocka] I have to say that just one night has gone by since the appointment of the new government. One night cannot bring such changes as would change the face of the country. I am sure you know, ladies and gentlemen, how the following statement has been received: that after some election or another Poland and her citizens will wake up in an entirely new country. We now know that such miracles do not happen, and this night too has not brought about any such radical changes, nor have we found ourselves in another country.

However, I think that during this time something extraordinarily important has taken place: for one—and I have

already seen signs of this in the street today—people have breathed a sigh of relief after this long-drawn-out crisis and have understood that this parliament and these elite are capable—at such a moment—of pulling together and—in the name of concord—of coming to an agreement over the work to be done for Poland.

After yesterday's first session of the Council of Ministers, I am very optimistic, since we have agreed that this government will be a government implementing one policy and not several policies within one government.

We have adopted and agreed on internal solidarity in all our actions and the whole, newly elected team in the Council of Ministers has accepted this as something normal.

Good news is reaching us from abroad. Of course, this may turn out to be short-lived, but for the time being it is so. I am thinking here not only of the well-disposed radio, television, and press commentaries—I am thinking of a concrete fact: the price of Polish indebtedness has risen on world markets during this one night. We will be watching to see whether this continues.

However, the point here is that we should assess our successes through a Western prism. This brings certain hopes, but we must not forget that the Polish Government will have reasons for optimism only when Poles, here in this country, here in Poland, believe that this government is capable of governing wisely and effectively.

Yesterday, in the Sejm I listened with great attention to the words spoken by the deputies during the debate on the appointment of the government. It is with particular attention—obviously—that I listened to the critical remarks. My government, as I have said many times before, is to be a government of accord and openness. That is why I listened carefully to all criticism regarding matters of essence. All these remarks, as I have already mentioned, made during the Sejm debates yesterday, will be examined by the government; they will be assessed and, if possible, conclusions will be drawn from them for the government program.

I must, however, say one thing: that two strands of criticism presented in the House yesterday were not acceptable to me. The first, that I might call the philosophy of past grudges, has as its principle recalling old quarrels, and keeping an attitude of umbrage and implacability, rather than looking ahead.

The second, that was also sketched in the debate yesterday, in this chamber, is the direction that I could call the philosophy of suspicion. It rests, in broad terms, on the fact that, as was stated, perhaps Suchocka has presented important components in her expose, perhaps this is even progress relative to all the previous governments, but this is just a fairy tale, this can't succeed, this will not come about, because this is a combination of fire and water, and so on. These sorts of accusations and suspicions can, of course, always be posited against every government, especially a coalition one, but I wish to stress with full force that I do not wish to be led by

resentments from the past nor by suspicions that this will not succeed. We have no other way out.

Then no government will ever be able to be created in Poland, for they will all be tied down by these sorts of hindrances.

[Correspondent] The first question is about the information policy of the government.

[Suchocka] This is a policy of thorough information. I am wondering how best to do this. Whether to do this through particular ministers, or whether to do it through a press spokesman, but I also see in this a very important role for the prime minister herself. It seems to me that it is exceptionally important, and society will also expect this, that the prime minister directly inform the nation about the difficulties that the government is struggling with.

[Correspondent] Next is not a question, but a long and deserved compliment of a very masculine character for the woman prime minister, and ends with a doubt—were there no women candidates for ministers?

[Suchocka] I very much value women at work, and I very much value women in political work. It so happens that I had several very good women colleagues in the Sejm. Unfortunately, here as you very well know, the coalition parties in great measure put forward male candidates. The parties did not put forward female candidates. I, however, intend to somehow draw women into work in the government in other roles, for this is very necessary. And I already said this yesterday too, half-jokingly toward the end—when the ministers were collecting their nominations—only when the entire Council of Ministers had lined up and strung itself out across the room did I realize that this is nonetheless [word indistinct], that is, that these are all men, and me, and I am nonetheless on the other side.

[Correspondent] Are there opportunities for facilitating foreign investors setting up shop in Poland?

[Suchocka] This is a matter of a certain opening up, and also of the removal of certain barriers about which foreign investors complain. On the other hand, I judge that it is possible, but here I would not like to exaggerate—assistance in this may be created by the new minister without portfolio who we have called the minister for enterprise [Zbigniew Eysmont].

[Correspondent] I asked the prime minister about the aims and economic decisions.

[Suchocka] I cannot comment on my first economic decisions here. In my expose, the day before yesterday, I pictured the basic goals. The Council of Ministers will meet on Tuesday, and it will decide on the goals for the near future, about what we are able to do in the near future.

[Correspondent] There were reservations about two ministers from the previous governments who are in the present government, to Ministers Lewandowski and Kropiwnicki. Are there any consequences to that?

[Suchocka] I think that these ministers are aware of that, because they participated in the commission's session, and they know what the objections were, and that they should draw conclusions from that. My yesterday's statement in the Sejm was quite unequivocal.

[Correspondent] What is the role of the social teaching of the Church in the prime minister's political thinking?

[Suchocka] I always follow the social teaching of the Church in my activities; I particularly followed the last encyclic, that had a very broad social dimension. And also in my expose, when using the term state assistance, I use this term in the Church teaching sense.

[Correspondent] Will she suspend her opinions on abortion as prime minister?

[Suchocka] It is difficult to suspend an opinion, but the matter is in parliament's hands at the moment, and the government will not be dealing with it.

[Correspondent] Is there going to be a conflict with the president's wife for the position of first lady?

[Suchocka] As far as who is the first lady and who is not, I am the first minister, and I am not interested in who is the first lady.

Syryjczyk Named Under Secretary of State

LD1307164392 Warsaw PAP in English 1610 GMT
13 Jul 92

[Text] Warsaw, July 13—Prime Minister Hanna Suchocka has appointed Tadeusz Syryjczyk, former industry minister at the Tadeusz Mazowiecki government, under secretary of state at the office of the Council of Ministers.

She entrusted him with the task of setting up an office of programming and running the Government work, the Government press office said Monday [13 July].

New Ministers Outline Goals

LD1407090292 Warsaw PAP in English 2131 GMT
13 Jul 92

[Text] Warsaw, July 13: Nearly all ministers in the Hanna Suchocka cabinet started work on Monday [13 July]. They were introduced to their respective ministries by the prime minister, Deputy Prime Minister for Economic Affairs Henryk Goryszewski and Deputy Prime Minister for Political Affairs Pawel Laczowski.

Foreign Minister Krzysztof Skubiszewski announced he would continue the to date policy [sentence as received]. He said he treated his appointment by Mrs. Suchocka as the expression of her confidence in the ministry's work of recent years.

Mrs. Suchocka has also stressed the element of continuation while introducing Zbigniew Dyka to the Ministry

of Justice. She pointed to the necessity of creating independent courts and ensuring effectiveness of prosecution organs.

Both the prime minister and Minister for Internal Affairs Andrzej Milczanowski underlined the need for political stabilization in the ministry. Mrs. Suchocka said that the deconcentration of power in the ministry's structures is an issue of vital importance.

New head of the Central Planning Office (CUP) Jerzy Kropiwnicki declared that he would not like to spoil what his predecessor on the post had achieved.

Minister of Foreign Economic Relations Andrzej Arendarski recognized the promotion of the Polish economy as an urgent task while Minister of Agriculture Gabriel Janowski said that the protection of the home agricultural market was the matter of superior importance.

Minister of Industry and Trade, Wacław Niewiarowski, announced that his policy would give firms chance to survive. "This does not rule out, however, that some of them would go bankrupt," he said.

Andrzej Bratkowski, the new minister of spatial economy and construction, intends to propose a system of housing benefits for families living at subsistence level and jobless.

Minister Bratkowski's programme envisages change in the housing co-operative law which would allow the co-ops only to rent flats instead of owning them.

Other Bratkowski's proposals include changes in tax regulations, allowing the activity of non-profit institutions and introduction of new housing credits.

Public Sector Reform Planned

*LD1407085192 Warsaw PAP in English 2137 GMT
14 Jul 92*

[Text] Warsaw, July 13—Poland's public sector (state budget financed) will be reformed by finding new structural ways of financing its specific sections, like health service and education in which recovery programmes are fairly advanced, new Finance Minister Jerzy Osiatynski said on Monday [13 July].

He added that the reform would depend on the 1993 budget and be tantamount to setting the structure of planned spending on public sector in the coming years. The state has to define the scope of the services provided free, the extent to which they can be subsidized and those which are to be paid for.

He admitted that due to a budget scarcity, a package of free services will be limited. He did not rule out appointing Helena Goralska deputy minister for the public sector reform.

The finance minister admitted that forgiving and rescheduling debts of state companies is one of the most urgent issues on his agenda. He told journalists that the

Sejm team had already drawn up a proposal to introduce changes in the excessive wage tax.

He also said that the Finance Ministry's priority would be given to possible exploitation of the 1 billion dollar currency stabilisation fund to develop banking, offer loans for small and medium-size companies and long-term credits for housing construction.

Minister Osiatynski said that he wants to resume negotiations with the International Monetary Fund, suspended due to Poland's lack of government.

Politicians View Government, Prime Minister

*LD1307213192 Warsaw Third Program Radio Network
in Polish 0900 GMT 13 Jul 92*

[Text] It is not good that the Center Alliance did not join the coalition. This is the opinion of Aleksander Hall. His and other opinions on the new government by politicians from different parties were quoted by today's GAZETA WYBORCZA. According to Hall, the leading activist of the right wing of the Democratic Union, if the Center Alliance had joined the coalition, it would be stronger and the government's formula clearer. The Center Alliance leader himself feels that the government coalition is a fairly complicated structure full of internal contradictions. Reality requires that a government be working, said Kaczynski.

Marek Jurek from the Christian National Union pointed out that the main trump card of the new coalition is Hanna Suchocka. However, he expressed his disappointment that the prime minister did not even mention the church in the Sejm expose.

The greatest enthusiast of the first female prime minister is Mieczysław Wachowski. The prime minister is so lovely, I am sure that she will be successful, said the minister of state in the president's chancellery.

Miners Union Appeals to Suchocka for Talks

*LD1307221792 Warsaw PAP in English 2044 GMT
13 Jul 92*

[Text] Katowice, July 13—The National Commission of the Miners Solidarity Union, in an appeal sent Monday [13 July], urged Prime Minister Hanna Suchocka to immediately start negotiations on mining issues, warning at the same time that "not entering into negotiations would force them to radical actions defined by the law and the Solidarity Union statute".

Expressing its stand on the situation in the mining industry, the commission informed the prime minister that implementation of new economic rules along with decreasing demand for coal brought as a result the emergence of an anti-Solidarity block composed of small groupings which use the miners discontent to recruit new members.

Four Mines Strike To Support Demands

*LD1407123192 Warsaw PAP in English 1002 GMT
14 Jul 92*

[Text] Katowice, July 14—Miners from four coal mines in the Katowice Province, southern Poland, on Tuesday [14 July] went on strike to support demands put forward earlier by the Solidarity '80 Trade Union.

Seven hundred representatives of the four mines joined their fellow miners taking part in a sit-in at the state coal agency headquarters in Katowice.

The striking miners are awaiting the arrival of Solidarity '80 Chairman Marian Jurczyk.

The miners demand the creation of a new system of crediting mines, building up of state coal reserves and rises of miners' pays and old age pensions.

Solidarity Head Meets With Miners

*LD1407140192 Warsaw PAP in English 1212 GMT
14 Jul 92*

[Text] Katowice, July 14—Marian Jurczyk, leader of the Solidarity '80 Trade Union, on Tuesday arrived at the seat of the state coal agency in Katowice to meet striking miners.

Addressing the participants in a sit-in strike, Jurczyk declared that governments headed by Tadeusz Mazowiecki and Jan Krzysztof Bielecki "led to unemployment and recession. Those who had destroyed Poland's economy resumed power...only society can bring this country to order."

Striking miners addressed a letter to Prime Minister Hanna Suchocka, demanding the arrival of a competent commission formed by parliamentary and government representatives during the next three days.

Representatives of the National Commission of the Miners Solidarity who arrived for a meeting of all miners' unions, were not allowed to enter the agency's building. The meeting is to be devoted to mining problems and preparations for a protest action planned to start on July 17.

Meanwhile, striking miners at the "Bielszowice" coal mine in nearby Zabrze said they would end their wildcat strike if they reached an agreement on their wage demands during negotiations with the mine's management.

Self-Defense Farmers Union Ends Protest

*LD1207094192 Warsaw PAP in English 1217 GMT
11 Jul 92*

[Text] Warsaw, July 11—Chairman of the Self-Defense Farmers' Union Andrzej Lepper on Saturday [11 July] addressing a group of about fifty farmers announced: "We are going home."

Lepper's statement, made at the union's Warsaw seat, ended a several day protest action by Self-Defense members.

Police Report 'No Violent Clashes' With Farmers

*LD1107085592 Warsaw PAP in English 1619 GMT
10 Jul 92*

[Text] Warsaw, July 10—Head of the Warsaw police, Superintendent Wiktor Mikusinski on Friday [10 July] said there were no violent clashes with protesting farmers when police were clearing roads of vehicle blockades on Thursday, adding that policemen used batons in self-defence only on several instances, no tear gas was used and no farmers were hospitalized, stressed the police chief.

Mikusinski, addressing a press conference, said that police would bring the drivers of farm vehicles into court for violating road regulations and added that police was gathering evidence on activities of "Self-Defence" leader Andrzej Lepper.

According to Mikusinski, if the farmers' convoys were allowed to drive into the capital, it would disorganize traffic in Warsaw and pose a serious threat to the security of state offices.

Warsaw's Deputy Governor Krzysztof Lypacewicz stressed that he himself was responsible for taking the decision not allowing the protesters to drive into Warsaw and said that the farmers' action had "the attributes of terrorism". He was referring to the farmers' attempt to set on fire two petrol tankers near Stara Milosna on the Warsaw-Lublin Road.

In all, ninety one persons were detained. About 400 policemen took part in the road unblocking operation which ended late Thursday night. Units of riot police used four armoured vehicles and a few water cannons to block farmers' convoys. Two policemen suffered minor injuries after a tractor hit a police van.

Walesa Criticizes Self-Defense Union Leader

*LD1007231192 Warsaw Third Program Radio Network
in Polish 2000 GMT 10 Jul 92*

[Text] Mrs. Suchocka's government will be the best of the four we have had so far, said President Walesa at a news conference at the Sejm. He added that this cabinet combines innovation and experience and has the best chance of proceeding with reforms. "I will put my ambitions into my pocket," Walesa said.

The president also referred to the conflict between the state and the farmers from the Self-defense trade union.

[Begin Walesa recording] Today Mr. Lepper [chairman of Self-defense trade union] may even become the president if he can do it in keeping with the law. Mr. Lepper could have been a minister, and we offered him many possibilities so that he could solve the problems that he had been protesting against. He did not want to do it, and he wants to settle things in the street. No president will allow the stirring up of unrest and threats in the streets for the remaining part of society. We will not

allow anyone to set the Polish house on fire. What can one do in the street? One can get a bump on one's head.

One can change the president and governments and ministers but it has to be done in a civilized way because it cannot be otherwise in the center of Europe. [end recording]

Farmers Groups, Government To Cooperate

LD1307182192 Warsaw PAP in English 1635 GMT 13 Jul 92

[Text] Warsaw, July 13—Representatives of major farmers unions and organizations on Monday [13 July] agreed to cooperate with the Agriculture Ministry and banks in solving the problems of heavily indebted farmers unable to meet their financial obligations.

The meeting held in Warsaw was attended by the Farmers Solidarity, the Farmers Circles Association and numerous producers and growers associations.

They agreed to set up social committees at local level which would review applications submitted by farmers wishing to reschedule their debts.

The question of farmers debts was at the centre of the recent protests by the Self-Defence Farmers Union which tried to set up road blockades to pressure the Government into financial concessions.

Bank Head Announces New Zloty Denomination

LD1107182292 Warsaw Radio Warszawa Network in Polish 1005 GMT 11 Jul 92

[Text] As of the beginning of next year, one dollar will be worth 1.5 zloty, Hanna Gronkiewicz-Waltz, president of the Polish National Bank [NBP] said today. Denomination of the zloty will consist in cutting four zeros off the nominal value of the existing banknotes.

Regarding the general anxiety connected with the denomination of the zloty, the NBP president explained that this was a purely technical manipulation to reduce the existing 16 nominals to eight. Coins will be reintroduced. The value of the zloty against the dollar will project the feeling that our currency is strong, Hanna Gronkiewicz-Waltz said, adding that it could cause a

small inflationary effect at the outset. The NBP president has admitted that new banknotes were printed two years ago and were deposited abroad.

Further on Theft of Radioactive Containers

Cesium-137 Still Missing

LD1107103892 Warsaw PAP in English 2053 GMT 10 Jul 92

[Excerpt] Warszawa, July 10—Cesium-137 allegedly stolen by two Russian soldiers may still be at the suspects' garrison in Borne-Sulinowo, north-western province of Koszalin, press spokesman for the local police headquarters Ryszard Urbanski claimed on Friday [10 July].

Valeriy Tarapov, suspected of the theft, was detained and transferred to the Russian military prosecutor at the Borne-Sulimowo base.

"We are waiting for the findings of an investigation conducted by Major Sergey Rodiyonov. Tarapov denies the allegations, while manhunt for another accomplice produced no results," Maciej Szajna of the police headquarters in Koszalin said confirming Urbanski's hypothesis. [passage omitted]

New Suspects Detained

LD1307165992 Warsaw PAP in English 1606 GMT 13 Jul 92

[Text] Koszalin, July 13—Cesium-137 stolen from the Russian garrison in Borne-Sulinowo has not been found yet, press spokesman for the police provincial headquarters in Koszalin, Superintendent Ryszard Urbanski said Monday [13 July].

Meanwhile, another two men suspected of stealing Cesium-137 have been detained in the locality of Lobez, the Szczecin province, and the third suspect in Borne-Sulinowo. The search is under way for still another person, also former soldier of the former Soviet Army.

The police expect the perilous capsules to be still on the premises of the Russian garrison.

All the four detainees, including Valeriy Tarapov, were turned over to the Russian garrison prosecutor's office in Borne-Sulinowo.

Iliescu on CSCE, Visits to Estonia, Byelarus

*AU1407075992 Bucharest Radio Romania Network
in Romanian 1500 GMT 13 Jul 92*

[Text] President Ion Iliescu returned home this afternoon. Over 9-10 July, Romania's president had attended the CSCE summit meeting in Helsinki, after which he paid official visits to the Estonian Republic and the Republic of Byelarus.

Mr. Ion Iliescu made the following statement for the press at Otopeni Airport:

[Begin recording] My trip consisted of two different parts. The first one concerned the CSCE conference in Helsinki. There were two major aspects to this: First, the conference itself, as an event, the problems that were discussed, and its significance within the series of conferences on European security and cooperation. The documents of the summit provide for two new CSCE institutions to be set up—one for issues of security and stability on our continent, and another for economic cooperation issues. Nevertheless, other institutions have also been set up, such as the High Commission for Minority Issues and other groups to tackle various specific issues.

The Helsinki summit discussed the issues that were tackled during the Paris conference, with some additional elements related to the working instruments or mechanisms of the CSCE.

As expected, a major part of the discussions concentrated on the conflict in Yugoslavia and in certain parts of the former Soviet Union, including the eastern rayons of the Republic of Moldova.

The stand we took at the conference is well known. Similarly, you may also know about the contacts I had concerning the Moldovan issue during the days of the conference. I would like to mention my meetings with Presidents Boris Yeltsin and Mircea Snegur, and with the representatives of Byelarus and Bulgaria, aiming to supplement the already functioning four-way mechanisms set up to solve that problem. I think that the contacts I mentioned have already yielded some results and I hope that they will really help to ease the conflict situation, put an end to the fighting, and that proper circumstances are created to reach a political settlement of the conflict. While seeking political solutions, one has to set out from a number of basic principles—on which I elaborated during my talks with President Yeltsin and others—namely that the authority of Moldova's state institutions and parliament ought to be acknowledged. Otherwise they cannot solve the problems of their own citizens living in various areas or provinces of that republic.

At the same time, necessary preparations ought to be made for the withdrawal of the 14th Army from the territory of the Republic of Moldova, as that army is now a foreign army on the territory of an independent and sovereign state, without having a clear status or a time

limit for its presence there. All these issues will be subject to direct negotiations between the political leadership of Moldova and the Russian Federation for agreement on the circumstances and the schedule of that army's withdrawal.

After Helsinki, I visited Estonia and Byelarus. Since I was already in northern Europe, I thought it useful to make these two stop-overs. I had agreed previously with Estonian President Ruuten and Byelarus' leader Stanislav Shushkevich that I would pay them a visit. We had met previously at various international conferences and they had invited me to visit. I also took into consideration the stage that negotiations between our countries have reached.

In Estonia, we were able to sign a treaty on relations between our countries, which is a basic political document for the further development of our relations, as we had also agreed to establish diplomatic relations between our countries. Discussing our further cooperation, the stipulations that ought to be included in that treaty, we discovered that there is a trade accord between Romania and Estonia dating back to the 1930's that is still valid today and is able to act as a fundamental document regulating our trade relations.

Today I concluded my visit to Byelarus. This was also a moment that meant progress in the dialogue we have been conducting. We already had a commercial accord with the Republic of Byelarus and yesterday we signed a political declaration on the further development of relations between our two countries, and we agreed that a treaty should be drawn up, the text of which is to be finalized before the end of this year. The document will probably be signed during President Shushkevich's visit to Bucharest.

I think that the great number of dialogues I had during the Helsinki conference, while attending the summit itself, as well as my visits to a Baltic and a Slav republic on the territory of the former Soviet Union are political moments of major importance in the expansion of our relations with European countries. [end recording]

'Common Language' Found With Byelarus

*AU1307201492 Bucharest ROMPRES in English
1815 GMT 13 Jul 92*

[Text] Bucharest, ROMPRES, 13/7/1992—Surveying the results of his talks in Minsk, President Ion Iliescu spoke—during the news conference held before his leaving for his home country—about the common language found right from the beginning in the meetings with President Stanislav Shushkevich, identifying it as a sign of good omen for the future projects. I think there is a broad framework of collaboration possibilities between Romania and Byelarus, the president stated at the news conference. The themes approached with the country's decision makers were presented and stress was laid on the development of the economic relations. It was convened that teams of experts and of representatives of

economic agents approach aspects for the diversification of the economic relations, the direct links between enterprises being encouraged. Manufacturers in the Byelarus Republic were invited to participate in the traditional events of the Bucharest International Trade Fair.

I am convinced that in the new conditions the common interests will lead to the finding of the collaboration domain, President Ion Iliescu said, among the possible domains being machine building, petrochemistry, and food industry.

Right from the beginning we have appreciated the balanced stand of the Byelarus Republic in the Republic of Moldova's problem, President Ion Iliescu said, considering as correct the evaluation made by the Minsk Parliament of the events in that state.

Romania has not delivered the Republic of Moldova tanks or airplanes and no Romanian soldier or officer has ever been to fight in the conflict area, Mr. Iliescu said. Moldova's military collaboration with Romania has not aimed at such targets. The only Romanian military presence there is the officers involved in the activities of the quadripartite supervising commission.

President Iliescu accused the Moscow mass media which have released such information "to distort the truth," "to vehiculate lies."

Asked about Romania's intentions as concerns its relations with the former Soviet Union's republics in the context of developing close relations with the Western countries, President Iliescu said: "Romania's general orientation of foreign policy—made known in the December 22, 1989 night—is still valid. It proclaims the general openness of Romania toward the world and the development of relations without any discriminations. It is an openness both toward Europe and to all other countries. There is a marked interest of various countries in collaboration relations with the states of the former Soviet Union. Why should we not manifest a similar interest, taking into consideration our geographical position, certain traditions, and our interests," President Ion Iliescu specified.

Defense Minister Discusses Army, Moldova Issues

AU1307113392 Bucharest COTIDIANUL in Romanian
8 Jul 92 pp 1,4

[Interview with General Nicolae Spiroiu, minister of national defense, by Doina Basca in Bucharest on 6 July: "Of All the Countries That Surround us, We Have the Strongest Army"]

[Text] [Basca] Mr. Minister, please could you redefine the role of the Army in our current Romanian society, which is undergoing transition.

[Spiroiu] The role of the Army is defined by the Constitution, as the guarantor of unity, sovereignty, and independence and of the constitutional democracy. That is

why, mostly in this period of transition toward democracy, the role of the Army must be that of a stabilizing body, a pillar of stability for society, one that should assure society that it is capable of fulfilling the mission entrusted to it by the Constitution.

[Basca] Can the Army be considered a stabilizing factor, such as the Romanian Orthodox Church?

[Spiroiu] Undoubtedly, the Army does have such a role. The church contributes to creating a sense of duty and a spirit of sacrifice because defense, at one point, especially when we talk about armed defense, needs a great spirit of sacrifice. From this point of view, from an educational aspect, the Army and the church, that is, the educational systems of the army and of the church, can cooperate in very good manner. Currently, we wish to achieve the structures and state of mind that should ensure openness toward the civilian society, and political control over the military capacities, that is, over the military force. If, perhaps, I have a feeling of dissatisfaction, it results from the fact that I have not yet succeeded in achieving a small group, a nucleus of prelates, not too developed a group (two or three only), to work from within the Army structure for the development of this chaplaincy, this religious assistance in the Army.

[Basca] I asked this question considering that history shows us that religious nations have the best armies and you also confirmed that, indeed, this support could be beneficial in the coming period.

[Spiroiu] Yes. Because the characteristics that are specific to a soldier, namely, his capability of devotion and his spirit of sacrifice are cultivated by the church.

[Basca] Mr. Minister, you are a professional military man. Today, on your birthday, maybe you could recall a moment in your life that brought you closer to the military uniform. Tell us whether you had a moment of "scarlet and black"-type of hesitation [reference to the title of the novel by French author Stendhal]?

[Spiroiu] To tell you the truth, the beginnings of my military activity (I have talked about it once before) were fortuitous. In a way, I was a little pressed by material circumstances. My father had died. I had two brothers. I was supported by an old grandmother who became paralyzed and, although I was a student with the Polytechnical Institute—after I graduated from "Mihai Viteazul" high school—I had to leave my studies and turn to the Army which gave me my food, the opportunity to study, shelter, and clothes. I enrolled in the School for Tanks and Vehicles because it was connected with my great passion, vehicles. Throughout a long military career of over 37 years, I have had the opportunity to get to know this system from the inside, from the lowest levels up to the group commander or from the cadet up to the minister of defense. Thus, I know the system from the inside and in the decisions that I currently take I realize what impact my decisions will have at all levels of the military hierarchy. And I believe that this is necessary for a manager.

[Basca] Can you recall a special instance or something in your career that left a mark on you?

[Spiroiu] I believe that what really left a mark on me was the transition from being a civilian who had come into the Army somehow by force of circumstance, that is, by certain economic problems, to the condition of a soldier. This was the moment when, after a successful admittance examination, I was accepted in the Pitesi Military School, and the commander of the school, Colonel Sergiu Malinovschi, a war veteran, made a speech at the opening of the military academic year 37 years ago. First his political substitute spoke, but I no longer remember what he said. I have forgotten all of it. But Malinovschi told us a few things that virtually ensured my transition from the state of a civilian to the state of a soldier, a state that will never leave me until I die. He said: "Cadets! I am addressing you, especially the first year students. I have read the order of the minister through which you have been called to the Army. From this moment you no longer belong to yourselves, you do not belong to your families, you belong to the country."

I must confess most sincerely that I was shaken. Even now I am moved by it when I remember those moments.

I had the great pleasure of proposing him myself for promotion to the rank of general, and they promoted him to reserve general but, unfortunately, he died soon afterwards, about two months ago. But I am telling you, in my entire military career, I could never remember the words of my commander without being moved by them, without tears in my eyes. It is a credo of a lifetime. And today, on this anniversary, I am still moved to tears when I remember them.

[Basca] Maybe this is another element that is an absolutely essential factor in making the Romanian Army an army the people feel close to, something that does not characterize the history of the armies of other countries.

[Spiroiu] Currently, we are the strongest army among all the countries that surround us. But there is another essential factor that contributed to this. Since 1962, that is, for more than 30 years, we have not trained a single officer abroad. And you know what it meant in those days: no officers trained in Russia? While the armies around us—in Poland, Hungary, Czechoslovakia, Bulgaria—were being trained in the USSR; I met officers in the same branch whose chests were full of the badges, insignia, and ribbons of the military schools and academies they had graduated from in Moscow; we did our Romanian military training, which preserved a certain tradition, with professions that still belonged to the war veterans.

Whoever says now that it was not a good military training is greatly mistaken. I am thinking of a very good strategy trainer, then Colonel Minei, General Arsene, and many others who developed an original Romanian military doctrine and we never assumed the bloc-doctrine. That is why we did not have to cleanse our

Army very much. We dismantled the political structures and that was all. And that was very important.

[Basca] As a matter of fact, this also happened after the war, when the Army was virtually reintegrated. This is a good thing because it means the continuity of a effective military tradition. Within this context, let us also talk about political issues. The parliament has endorsed a law that permits the Army to intervene against civilians "in order to preserve public order." What can you tell us about this law?

[Spiroiu] I believe that there is some exaggeration in interpreting this ability of the Army. The Constitution stipulates that the Army ensures the constitutional democracy. This means that, through a cooperation plan approved by the Supreme Council of the Country's Defense, we can make a contribution to strengthening the bodies empowered by law, that is, the law enforcement bodies, so they can preserve order and protect state institutions in destabilizing situations, in situations when they might be attacked, situations that are often against the basic bodies of the state. As matter of fact this would mean a sort of state coup. However, in such situations the Army will not fire. There is no stipulation that the Army should fire on people. We already have gained experience when the miners came to Bucharest in September 1991. Then, you remember that the Army acted in the second ranks, that is, it stayed in the second row without ammunition, that is, without firing, because its major mission was to discourage violence through number and physical force. That was all. I believe that it is very normal that the country's constitution should include the stipulation that the Army should ensure the constitutional democracy. Currently, the danger threatening the state, and states in general, is not the same classical type of military danger. Often danger can emerge from within the country. That is why I agreed with the idea of border guards being transferred to the Ministry of Interior, because they are guarding our state borders. However, an act that could endanger the existence of the state might start from the inside. Certainly, it can be maneuvered or commanded from the outside. And then, I do not consider the intervention of the Army within a constitutional democracy as being against the democratic development of the society. And, as a matter of fact, this is stipulated also in all the big democracies. I can give you a few examples: The U.S. Army intervened during the violent internal unrest in May; the British Army is strongly involved in Ulster, in a problem of domestic nature. I do not believe that any further examples are needed.

[Basca] On the other hand we have learned today that General Cheler would like to run for the office of president. At one point, he declared that he would open fire on those who tried to disturb the 1 December (our National Day) events. Do you believe that the Army is meant to or has a duty to intervene even when the "public order is disturbed"?

[Spiroiu] First of all, General Cheler does not wish to run for the presidency. The general has firmly declared this. I trust him greatly. General Cheler is an excellent soldier, he is not an adventurer and there is not one single general in the Romanian Army who would aspire to power. We do not need political power. General Cheler will not participate in the presidential elections and will not be a presidential candidate. He will not accept such a thing.

[Basca] Even if this proposal were made by certain political formations?

[Spiroiu] Indeed, General Cheler reported to me that there were political formations that suggested to him that he run for the presidency. Certainly he refused. And now I will tell you something. They also suggested it to me. Currently, there is no Romanian general, from the lowest position to the post of defense minister who would wish it. We are not some adventurers. This is completely out of the question. And I will tell you something else. Somehow, this gives me a certain feeling of satisfaction. It means that there are political formations who trust the Romanian generals, who count on their patriotic feelings and their organizational abilities. This is something that should give us certain satisfaction. However, I can assure you that no Romanian general wishes to run for the presidency. And I would like to add something. I think that the order given by General Cheler at that time in Alba Iulia was wrongly interpreted. Through an information system that every country has, the idea was created that the national and patriotic, entirely peaceful and normal manifestation that should have taken place there would be disturbed by violent actions. General Cheler, through his declarations, did nothing except discourage possible violent forces from starting actions that would provoke a conflict with unforeseeable consequences. Thus, General Cheler acted very correctly, warning possible forces that would have caused a conflict and would have endangered the safety of innocent participants in that cultural, educational activity that the Army would become involved to protect the participants and ensure that the event proceed as planned. This does not mean that General Cheler threatened to fire at somebody. He only made clear in a military way, correctly and openly, that nobody should dare to create disorder there or cause who knows what kind of conflict, because the Army will take steps to ensure order and ensure that the festivities proceed smoothly.

[Basca] Now I am going to compare this with something else. In Cluj, there is a somewhat edgy situation, inter-ethnic tension. If things get worse, will the Army get involved?

[Spiroiu] I believe that Mr. Funar [Cluj mayor] is exaggerating.

[Basca] I can see that he has already started attacking everybody, he even declared that, starting with the president, everybody is a traitor.

[Spiroiu] I hope that he did not consider me among those who are traitors.

[Basca] You have not benefited from any scholarship.

[Spiroiu] (laughing) Maybe one of my children have, especially since—although my children are students—none of them was a party member. My daughter could even be considered a dissident. Tomorrow she is going to take the Hypocratic oath because she is graduating from medical school, on 7 July. I believe that she should be considered a dissident because in 1986 when she finished her first year of university she arranged with former colleagues from the "Sf. Sava" high school to go hiking in the mountains. But, they were called upon to prepare the festivities in the "23 August" stadium to pay homage to Ceausescu. She came to me and said: "Daddy, all of us from 'Balcescu' hostel decided not to go to this homage-paying show. Will you have problems as an officer?" "No, I will have no problems because I am an engineer and they need me. But you will be in great trouble," I said. She was reprimanded in writing. However, she has never talked about this act and she certainly never wanted to become a party member. My son did not want to become a party member either. When in October 1989 I told him "you should also become a party member, otherwise who knows where you will get a job" he told me "Sir, I will not become a party member because there is a slogan written on a rack in our classroom—'Down with communists'—and at the Polytechnical Institute students are talking about demotion of the 'dwarf.'" I asked him: "Who is the 'dwarf' son?" "Come on, you do not know that this is what they call Ceausescu?"

[Basca] Everybody knows the indoctrination campaign that the soldiers were subjected to under communism. How do you think that today true patriotism can be reinstilled?

[Spiroiu] You touched on a very sore and very important point, at the same time. The truth is that in the old system, education and culture had an ideological basis; that was the concept of the single governing party. The party structures in the Army offered material support for cultural education. We have eliminated these structures. Thus, in dismantling the organizational forms, the cultural structures were automatically left without material support. Even those that represented a correct and very useful patriotic education.

That is why we are thinking of reestablishing such structures. However, this education should no longer be based on political ideology, but on real cultural values and on Romanian cultural figures, including religious and cultural values, and educational values as well. Soon we will have a structure in the Army but one that does not resemble at all what it used to be in the past; this new framework will include a structure of priests. In the beginning this will be at the level of the Educational and Cultural Inspectorate or Directorate in the Army, because we, within the reform in public institutions, are

also envisaging cutting down intermediary structures, such as departments. We have already reduced one position, that of the state secretary, General Culda, who is a doctor of philosophy, but who will certainly continue to coordinate these activities until the new structures are established. The Instruction, Science, and Culture department will stay. We only had to cut the position of state secretary.

[Basca] Unfortunately, there is a trend in the Army to mainly read the strongly nationalistic publications. Do you not think that things should be more temperate? During the local elections I noted ROMANIA MARE and EUROPA in military units.

[Spiroiu] I view the press as a very important element that is part of the Army's opening toward the civilian society and I think that, from this viewpoint, the press ought to better reflect realities in the Army. Soon we will have a "public relations" service where you may accredit journalists to pursue military activities; in this way the civilian society's trust in the Army will increase. There have been papers pointing out unpleasant things to us. This did not anger me; on the contrary, I viewed them as helpful; thus we took measures to correct things. Then we informed the press and told them what we had done. This is why I think that this transparency is very necessary. But I want to return to what you told me. You were talking about the ultranationalist press. I think that you should not be influenced too much by the fact that you probably saw an officer carrying EUROPA or ROMANIA MARE. We have to bear in mind the results. I did not know, because there was no way for us to check, but from what the observers of various parties found, it was clear that the opposition won in numerous military units. And this in fact shows the correct way in which the elections were organized within the Army. Although, in my view, it is wrong to think that elections are correct only if the opposition wins.

As far as the publications are concerned, I want to mention that I have heard that in the U.S. Army it is prohibited to introduce any publication into a military unit. In my view, this is very good. I have prohibited spending money from the national defense funds on publications that are free of charge in the Army. I am sorry to say that this order of mine has been violated and there was one publication that penetrated the Army. I put a stop to that. It was TIMPUL [TIME] which, I think, is an independent newspaper. I do not know what policy it is promoting. I wanted to ensure this interdiction for very many reasons. First, newspapers are very expensive; we have no money to buy them. Formerly they were free of charge. I am referring to the former regime and SCINTEIA TINERETULUI, for instance. At one point, we also received TINERETUL LIBER, but the moment I noted a certain trend toward political involvement in this independent paper, I canceled it saying "no paper at all." The Army's papers are: ARMATA ROMANIEI, which carries all sorts of information; we also have a military magazine LA DATORIE [IN SERVICE], which is very good; then we have the

periodicals of the armies in Buzau and Cluj, which are also of good quality. We also permit these young people to watch television every evening; thus, throughout their year of service, we make it possible for them to get informed. Consequently, we cannot talk of influencing the Army.

[Basca] In 1917, the Romanian Army helped their Bessarabian brothers who were oppressed by the Bolshevik revolutionary gangs. How do you view the fact that, at that time, it was said that the Army was a decisive factor in achieving Greater Romania?

[Spiroiu] These gangs indeed existed and the Romanian Army succeeded in getting them under control. At this point, however, it is much more difficult for us.

[Basca] In the forties, the Soviet ultimatum requested that Bessarabia and Northern Bukovina be ceded. In 1941, when Marshal Antonescu ordered: "Romanians, cross the River Prut" and when Bessarabia was liberated and this shame was washed away, the Army actually regained its status as liberator. What do you think of Antonescu's action?

[Spiroiu] In my view, Antonescu's action was perfectly justified by circumstances and I believe that any other patriotic and responsible person in such a position as Antonescu was in at the time would have done the same. I think that there was no alternative.

[Basca] At this point, how do you view the role of the Romanian Army in connection with the reunification?

[Spiroiu] We cannot talk of Romania's reunification by military means. We are signatories to the Helsinki Final Act—soon another meeting is to be held in Helsinki and our president is preparing to attend it. The time has passed when this reunification was achieved with weapons. I think that it has to be achieved by diplomatic means. I personally think that a de facto unification should be achieved while de jure unification should take place in a natural way after a certain period of time—if it has to be—and in a form that is acceptable to all sides. This is the way to proceed. Certainly, in this case we need to deal with civilized people, not with gangs of Cossacks. What worries me are these gangs of Cossacks. Today I had a several hours talk with the British ambassador and I told him that, at a given time, the West should at least grant us a consolation prize for the fact that for 2000 years now we have been struggling here not with opponents or gentlemen, but with hordes. It is the hordes of Cossacks I am concerned about not the Army of the Russian Federation, which is the army of a civilized state.

[Basca] What is the spirit in the Army in connection with this overt aggression of the 14th Army?

[Spiroiu] The Army's spirit is exactly the way it should be. This means that at any time the Romanian military, conscripts, commission-term military employees, non-commissioned officers, warrant officers, and the officers

with whom I am constantly in touch say that they are ready at any time to die for the country, for defending unity, sovereignty, independence, and integrity. However, we cannot talk of military involvement by Romania. It hurts us to know that 40 percent of the Romanian population in the Dniester region is oppressed—like during the former system—that it has to cope with this conflict, with this tragedy, without our being able to intervene—and it would not be good to intervene; actually it is not possible to intervene, we cannot think of such a solution, because this is not the trend of our times. There is this process unleashed by the CSCE in Europe and by the Helsinki Final Act and the meetings that are being held and the decisions that are naturally made have to bring about a diplomatic and peaceful solution. But I want to repeat, for this we need civilized opponents. Thus, the Army will fulfill any mission it is entrusted with by Romania's political power. However, I think that it would not be wise to be involved in the events there and I am convinced that Romania's political power is aware of this.

[Basca] On the other hand, pro-Russian media are making all sorts of insinuations in this respect.

[Spiroiu] Not insinuations. They are waging a genuine psychological war against Romania to discourage us. These are all lies. I want to tell you that we have not supplied them with any tank, that no Romanian pilot is flying Bessarabia's Mig-29s, that there are no Romanian volunteers, and that there have not been any Romanian advisers there. These are all lies. This is a typical fascist war against Romania in order to deter it and, of course, Moldova, in its legitimate actions to preserve its unity.

[Basca] Even President Ion Iliescu was cornered and questioned very rudely during the ITAR-TASS interview at the end of May.

[Spiroiu] No, nothing. At their request, which was also addressed to Ukraine and the Russian Federation, we supplied them with a small quantity of light infantry weapons, some 2,000 machine pistols, then we sent them a number of armored transport vehicles to ensure patrol missions on armored vehicles as protection against ambushes and the separatists. We also supplied them with a very small quantity of artillery weapons (12 or 16 122 mm mortars, that is anti-air defense weapons, no tank, no plane, no Romanian military personnel, and no Romanian adviser. We also provided short-term consultations of one to three days in Bucharest or Chisinau by at most one or two officers who, I want to repeat, did only a consulting job, namely how to organize the Ministry of National Defense and the Army. This does not mean military advisers. This does not mean military involvement. We helped them start an Army newspaper. The first edition of OASTEA MOLDOVEI [MOLDOVAN ARMY] was printed in our country.

[Basca] Actually, due to the involvement of the 14th Army, this conflict has been internationalized. And, unfortunately, there is no Moldovan Army. If this 14th

Army were to advance across the Dniester River and even approach our borders, and if more consistent military assistance was needed, then who would make such a decision?

[Spiroiu] The decision is made by parliament, the Supreme Defense Council, and the government. It is natural for them to request this help, in the sense of equipment deliveries. That is their right. We are talking of a sovereign and independent state against which no embargo has been imposed, and we are talking of a UN member. It has also approach the Ukraine and Russian Federation in this respect; it is entitled to such help. Everything we have delivered was based on a government decision; and we provided only small quantities of defensive weapons, so as to enable it to ensure the security of the units it is setting up. These supplies should by no means lead to a war. I would like you to write this.

[Basca] If the political summit contacts between Messrs. J. Baker, L. Eagleburger, and our presidency—and not only them—would amount to 10 hours, the contacts of the Army, on the other hand, with NATO are much more extensive. How do you view cooperation between the Romanian Army and the NATO forces?

[Spiroiu] NATO is looking for a new dimension in its activity given the fact that the Warsaw Pact has been dismantled. Within the framework of this dimension—the third dimension as it is termed—a program was endorsed on 1 April 1992 during the defense ministers' meeting, a program in which we are involved in all areas: the area of cadres training, consulting in connection with the defense industry conversion, civil defense, coordinated civilian and military air space management, and in very numerous programs that are useful for the Romanian Army in its transition from an Army of an ultracentralized communist-type of state to the Army of a democratic state characterized by a broad opening to the civilian society under the constant and effective control of the political power.

[Basca] Could you summarize, please: Since when do we maintain this cooperation with NATO in Bucharest and how many summit meetings have you had?

[Spiroiu] We have had numerous meetings. Two meetings in Bucharest and two in Brussels with Mr. Woerner. Other representatives, not necessarily NATO ones, have also visited our country. We also hold meetings with the WEU. Mr. van Eckelen, WEU general secretary, visited us, so did the commander/manager of the NATO school in Rome, as well as NATO and WEU parliamentary commissions. Thus, I, as the minister of national defense, and the two general secretaries of NATO and WEU held five meetings as follows: Four with Mr. Woerner and one with Mr. van Eckelen.

[Basca] On the other hand, as a result of Franco-German cooperation, a new Army was recently set up in Europe. Have there been any signals or proposals for cooperation in this respect?

[Spiroiu] No, there have not. We are just participating in all structures the two NATO and WEU bodies set up. According to our stance, these structures have to be complementary, not parallel structures. NATO has assumed certain responsibilities. However, the WEU has much broader possibilities, because it is not limited by certain areas of responsibility. It goes beyond the areas of responsibility of NATO. Therefore, it is to be preferred and we are acting accordingly by participating—on the basis of complementarity—in its bodies and in all actions undertaken by the two organizations. We are accepted as partner—a partner from Central Europe—as was obvious at the latest meeting in Bonn on 20 June, which I attended, together with Mr. Adrian Nastase. And we achieved an extraordinary thing. We were the only country from which the minister of foreign affairs spoke on his own behalf and on behalf of his colleague, the minister of defense. This proves that there is a common viewpoint between the Army and diplomacy, something which other states have been unable to achieve. There were states from Central Europe, former communist states, whose minister of defense and minister of foreign affairs made contradictory speeches.

[Basca] Maybe it's the position of the Romanian Army which was more removed from the Red Army during those times...

[Spiroiu] I would like to add something else. It was the position of the Romanian Army, which never inclined toward state coups and which always respected political authorities in the sense that it never got involved in the struggle for power. I do not understand why there is so much awareness and so much concern about the threat of a state coup in Romania. Such threats cannot exist. There has never been a military state coup in Romania. Antonescu, who headed the Romanian state, was given power and competence by the head of state who was abdicating, King Carol II. Thus, he received this power, he did not seize it.

[Basca] Within the current context of relations with NATO and given the limited budget at your disposal, how do you view the modernization of the Romanian Army?

[Spiroiu] Undoubtedly, our limited budget hampers us in modernizing the Army at the rate proposed by the country's Supreme Defense Council. Our limited budget also hampers us in altering structures; any modification of structure means moving people, social insurance, housing, and jobs for family members. All this prevents us from progressing at the desired pace, but we propose to take very rapid action. For almost four-five months, or even six, we have been studying the new organizational structures that will ensure a broader opening of the Army leadership toward the civilian society, the modification—in the sense of the reform stipulated by the government program—and elimination of intermediate structures to ensure a direct link between those who make final decisions and those who implement them.

We are studying these structures, which we will examine within the Defense Ministry's Higher Military Council in October. We will submit them to the Supreme Council of the Country's Defense and to the government for endorsement. And we hope that after their endorsement, in the first quarter of 1993, we will be able to proceed to implementing them. These structures will bear in mind the delegation of competence to the levels of execution. Part of the tasks resting on the Ministry of Defense will be transferred to the General Staff whose role will increase substantially. The General Staff will pass some of its competence to the various categories of the Armed Forces, which will be organized—as in all democracies—as follows: a Chief of Staff of Ground Troops, a Chief of Staff of the Navy, and a Chief of Staff of Aviation and Territorial Anti-Air Defense. This is how we will carry out this decentralization.

[Basca] Who is currently at the helm of the General Staff?

[Spiroiu] The head of the General Staff is Lieutenant General Dumitru Cioflina. He is an experienced man, young, young enough to be very vigorous and—as I say—old enough to have the necessary wisdom to lead the General Staff. He was the commander of the Army in Craiova; he has held commander positions; he belonged to the infantry, but he also worked with the mountain troops where he held the position of commander. Things are in good hands. There are no kinds of problems.

[Basca] Given the current situation, that is, two sources of conflict, on the one hand in former Yugoslavia and on the other hand in the former USSR, would the Romanian Army be able to cope all by itself if it was threatened?

[Spiroiu] It depends on the scope of such an aggression. At this point, we have prepared a set of five bills and I regret that we have been unable to have them passed by the current parliament. If this is not possible, then they will be left for the next parliament. I am talking of the Defense Law, the Law on Military Service, the Law on Requisitions, the Law on Territorial Preparation for the Country's Defense, and the Law on the Status of Military Personnel.

All of them bear in mind the way the Army is fulfilling its missions. Given the fact that we have a doctrine on defense sufficiency, we do not develop the military system more than necessary to defend ourselves against a nonconcerted aggression. In the event of a concerted aggression, we must certainly proceed to defending our country and we use the type of defense that is used in Sweden and in Switzerland, namely the participation of the whole population able to participate in a military effort. The Romanian Army is able to cope with an aggression if it does not exceed its defense capacity. However, a concerted aggression would require exceptional measures to defend the country. I hope we will never be in such a situation, and for this purpose—together with my aides—we do not waste any time. The main thing is to do our duty.

UN Security Council Postpones Bosnian Debate

LD1407082192 Belgrade TANJUG in English
0425 GMT 14 Jul 92

[Text] United Nations, July 14 (TANJUG)—The U.N. Security Council discontinued Monday [13 July] evening a debate on the situation in Bosnia-Herzegovina, estimating that there is no reliable pieces of information enough for coming to decisions, including a military intervention asked by its government of Alija Izetbegovic. The session is to be continued Tuesday and decisions are to be taken on the basis of reports on new clashes in Bosnia-Herzegovina which should be submitted by Butrus-Ghali, the U.N. secretary-general.

This putting off of taking decisions under the draft of a very [words indistinct] followed Butrus-Ghali's finding that still missing are bits of independent information to confirm allegations having it that under way is a big offensive by Serb forces on the town of Gorazde and some other parts in Bosnia-Herzegovina. For, Butrus-Ghali informed the council that Gen. Nambiar, the UNPROFOR's commander-in-chief in Yugoslavia, confirmed in a telephone conversation that he has no reliable news about the situation and would not transmit second-hand information before having them verified for himself.

In the debate the other evening, the Russian ambassador also stood up against Austria's proposal for new measures against Serbia and Montenegro named as aggressors, as it was learned in reliable sources. He estimated that being in question is a big problem in whose solving decisions could not be taken in a hurry, and all the more so when a way out still can be looked for in a political solution.

In case of the UNPROFOR's sources confirming reports on fighting blazing up again, observers would not rule out a possibility for the council to already today come to agreement on another activating the U.N. Charter chapter seven which provides for a possible use of military coercion to come to a settlement of the conflict in Bosnia-Herzegovina.

Croatian Official on Carrington Invitation

LD1307174692 Zagreb Radio Croatia Network
in Serbo-Croatian 1500 GMT 13 Jul 92

[Text] Having denied that he is giving up the mediation role on behalf of the European Community, Peace Conference Chairman Lord Carrington invited Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, Mate Boban, president of the Croatian Herceg-Bosnia Community, and Radovan Karadzic, chairman of the Serbian Democratic Party, to talks in London between 15 and 17 July. Here is what Mate Boban, having received the invitation, stated for Croatian Radio:

[Begin recording] We will heed that invitation, and it is sad that these negotiations and the conference in Bosnia-Herzegovina were postponed several times. Although a

gory war is being waged in Bosnia-Herzegovina, in which the Croatian people have shed much blood, the conference on Bosnia-Herzegovina should nevertheless be resumed, because it is the only political forum which can halt the war and establish Bosnia-Herzegovina as an independent state.

In line with the EC declaration of 27 June and the latest G-7 Munich declaration calling on all sides to unconditionally resume negotiations, we support such negotiations; at all times, at every moment, we shall be ready to make a creative political contribution to the successful conclusion of the conference, so that Bosnia-Herzegovina may be established as a modern state, and that this state may also be a state of the Croatian people which will provide equal rights to all three nations. [end recording]

Karadzic Believes in 'Successful' Negotiations

LD1307194792 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1745 GMT 13 Jul 92

[Text] Belgrade, 13 Jul (TANJUG)—Dr Radovan Karadzic, president of the Presidency of the Serb Republic of Bosnia-Herzegovina, this evening said in a telephone statement to TANJUG that he genuinely believes in the successful outcome of negotiations on the internal organization of Bosnia-Herzegovina convened by Lord Carrington, chairman of the Conference on Yugoslavia, for 15 July in London.

In his statement, Dr. Karadzic stresses that he also believes that representatives of the other two national communities in the republic will also respond to Lord Carrington's invitation, adding that the Bosnian Croats would be represented by a high-level delegation, most likely headed by Mate Boban.

With regard to Muslim representatives, Karadzic is of the view that this time the talks will most likely be attended by their authorized representative. "Although the current Muslim leadership is committed to war, under the influence of the international community which wants peace in Bosnia-Herzegovina it will have to accept the invitation."

If, however, no progress is made at the next round of negotiations, Karadzic maintains that the solution lies in an international conference on Yugoslavia as proposed by French President Mitterrand.

According to Dr. Karadzic, the Serbian delegation will insist on the consistent observance of the right to self-determination at the London meeting, as it did during previous negotiations. "We proceed from a stand that basic principles agreed upon on 18 March should be observed, and that the real state of affairs in the field should be taken into consideration—that the Serbian Republic of Bosnia-Herzegovina exists."

According to Karadzic, the Serbian Republic of Bosnia-Herzegovina is ready to unite with the other two Bosnia-Herzegovinas; the Lisbon document gives both the Serbs and the Croats in Bosnia-Herzegovina a right to establish links with both the Federal Republic of Yugoslavia and Croatia.

Karadzic views the presence of the NATO and West European Union fleets in the Adriatic Sea to secure the humanitarian aid to Sarajevo as "rivalry between the superpowers," and expresses his "personal conviction that the military intervention will not take place because the humanitarian aid flights have safely been arriving in Sarajevo Airport." The land humanitarian aid corridors are also safe, he added, stressing that the Serbian side can fully guarantee the safety of the Zvornik-Sarajevo road, and also the route from the sea to Sarajevo.

Karadzic hailed a decision by UN Secretary General Butrus Ghali to send 500 more blue helmets to Sarajevo. "That decision is a positive reply to my letter to Mr. Ghali, calling on him to give the go-ahead for the extension of the mandate to the UN Protection Force mission in Bosnia-Herzegovina," Dr. Radovan Karadzic said in conclusion.

Karadzic Calls For End to Fighting

*AU1407081992 Belgrade Radio Beograd Network
in Serbo-Croatian 1455 GMT 13 July 92*

["Exclusive" interview with Radovan Karadzic, president of the Serbian Republic of Bosnia-Herzegovina, by Risto Djogo; place and date not given;—recorded]

[Excerpt] [Announcer] [passage omitted] Esteemed listeners, we apologize for the poor quality of the recording. Because of it, we have had to paraphrase the first question. The question reads: Mr. Radovan Karadzic is preparing to leave for the Conference on Yugoslavia, which is supposed to take place in London on Wednesday [15 July]. The Presidency of the Serbian Republic of Bosnia-Herzegovina has recently issued several peace-making messages. What was it that the Serbian side sent in the last seven days to the United Nations, the United States, Europe, and to all those who exert pressure upon the Serbian side, even though the Serbian side has offered solutions for peace but the Muslim side still has not accepted it. Here is the rest of the interview that is technically [word indistinct]

[Karadzic] It is hard to recall all the appeals that we issued to the people in Bosnia-Herzegovina as well as to the international institutions. We wrote a letter to Bush and Mitterrand, we wrote to Butrus-Ghali [UN Secretary General] on several occasions, explaining that the Serbian side favors an unconditional cease-fire, peace, and the continuation of the political talks. As part of this, we met with Carrington [chairman of the Conference on Yugoslavia] and Cutileiro [chairman of the Conference on Bosnia-Herzegovina] and we reiterated that we favor unconditional negotiations and a cease-fire, which we have proclaimed unilaterally on several occasions, which

sometimes lasted two to three hours, while the last one lasted two days and this was definitely an encouraging sign to us.

Basically, we maintain the position that the war in Bosnia-Herzegovina will not resolve anything, we will have to sit down again—we have been saying this since the first day of the Assembly. We told the whole truth to our Muslim and Croat neighbors in the Assembly. We told them exactly what would happen. We told them that there is no way that anyone could enslave the Serbs. It seems incredible to us that, although the Muslim side itself was saying that if 12 percent of Serbs in Croatia managed to win their freedom, what then would the 35 percent of Serbs in Bosnia-Herzegovina do—it seemed unbelievable to us that they would start the war against the Serbs, or even proclaim a state of war against the Serbs. All our peace-making actions were concentrated on and aimed at an immediate end of the war and killing, the establishment of a lasting cease-fire, and the achievement of a lasting and stable peace by political means. However, a lasting and stable peace is only possible if all three nations are satisfied, if the solutions are acceptable to them. From the viewpoint of the Serbian nation at the present time, the only thing that is acceptable to us is to be independent, is that nobody can dominate us, that the size of other ethnic communities—for instance the Muslim community—does not matter. The percentage of the Muslims cannot determine our future. This is our right, not only because the number of Serbs was reduced by genocide and expulsion of the Serbs after the war by various subtle and unrefined pressures, but also because we are a special nation, [words indistinct], and our future cannot depend on how many of us there are. At the end of the day, the future of the Croats, who form 17 percent of the population, should not depend on their numbers. They are completely [words indistinct] 100 percent, just as we are 100 percent for us.

[Djogo] Is there a decision by the Serbian Government or the Serbian Presidency that is contrary to the UN resolutions or the UN demands?

[Karadzic] There is not a single decision that would hinder the UN actions or UN resolutions. We paid special attention to fulfilling everything that the international community expects of us, and I believe that we have not contributed in any way toward the deterioration of our international position. On the contrary, we tolerated shooting for a long time without responding. Thus, we lost 10 of our soldiers on 27 June because we refrained from responding to the fire, the next day we lost four soldiers, and the third day one soldier, on the fourth day we lost three soldiers. Therefore, each day that we did not respond we suffered casualties. In the end, we wrote a letter to Butrus-Ghali in which we stated that we are the only nation in the world whose right to defend itself has been contested. [words indistinct] we believe that our behavior, our appeals and reports, and the fairly objective reports of the UN Protection Force have helped to make the United Nations more or less aware of the real truth.

[Djogo] You have recently presented to the Croatian ethnic community a platform for political talks, a platform for the political settlement of the crisis in Bosnia-Herzegovina. Such a platform is also being prepared for the Muslim ethnic community. What was the response to this platform, if any, by the Croatian or Muslim side?

[Karadzic] I must say that we still have not contacted the Croatian ethnic community because communications are very bad. For example, it is easier to call Western Herzegovina from Vienna than from Sarajevo. (The fact) that a state is being formed on the territory of the former Bosnia-Herzegovina already indicates that there will probably be three states in the future. In any case we expect that the Croatian side will respond positively as in this way we are affirming their right to form a state in Bosnia-Herzegovina. I can say that in central Bosnia, for example, there are no disputed territories between the Serbs and the Croats, there are not even disputes. If anything, there is rather good cooperation, and this is something that is encouraging and that makes us believe that the Serbs and Croats will end all of their hostilities the moment they put a stop to state unity, that is to say, when the state units of Serbia and Croatia [words indistinct] separate. Then these two close Slav nations will not be enemies, just as they were not enemies before 1918 when they entered the joint state. The cases of cooperation between the Serbs and the Croats in central Bosnia are very encouraging. Unfortunately, the Serbs and Croats are still fighting in the Neretva valley and in the Sava basin. It appears that some territorial disputes cannot be resolved until blood is shed. This is probably the logic of history. It is unfortunate that this is so, but I hope that this, too, will be resolved satisfactorily.

The aim of the platform, therefore, is to end the killing as soon as possible, to identify regions that are disputed and those that are not disputed—as we did in Graz [in Austrian province of Styria]. (This would, therefore, be) the continuation of the talks in Graz, according to which to undisputed territories would be mutually recognized as their ethnic territories, while the contentious territories would have to be examined and a solution found by political means. As regards the Muslim ethnic community, their leaders are [word indistinct] and stubbornly reject contacts, that is to say, talks with the Serbian side and we must say that we will eventually have to talk. We are continuously postponing the victory. We do not wish to defeat the Muslims. On some occasions we could have advanced in various directions militarily, but we dismissed it and postponed it, as we do not wish to defeat anyone, we wish to leave all sides the possibility of an honorable departure and of negotiations. (Whatever) Muslim leadership is in power, the present or a different Muslim leadership, it will in any case have to talk to Serbs, that is to say, the real Serbs, the representatives of the Serbian nation and not some private Serbs or hired Serbs who are currently sitting in the Bosnia-Herzegovina Government, something the Serbian nation will never forgive them for. It is just as though they would have sat in Pavelic's cabinet [Pavelic—head of the independent State of Croatia during World War II].

Our attitude toward the Muslims will be fair and correct. We have contacts with unofficial Muslims who want [Adil] Zulfikarpasic [president of the Muslim Bosniak Organization], and his historic agreement with the Serbs, to whom it was clear that, if the Muslims had stayed in Yugoslavia, they would have been the second biggest nation, that the Yugoslav president or premier would probably be a Muslim, that there would be far fewer destroyed homes, that they would not have destroyed homes at all, and that they would enjoy the security of a settled state. Therefore, we will have to start from the beginning. We will make it possible for the Muslims to protect all of their interests, regardless of the outcome of the war [words indistinct] or what it is at this moment, in order to live in peace with our neighbors in our three constituent states. We want everyone to be satisfied, and just as we demand this for ourselves, we want the Croats and the Muslims to realize the historic aims to which they are entitled. Naturally, not those to which they are not entitled and not those that encroach on the Serbian nation.

[Djogo] Thank you, Mr. Karadzic.

Silajdzic Complains About International Inactivity

AU1307122892 Vienna DER STANDARD in German
13 Jul 92 p 2

[By Gerhard Plott: "Belgrade's Regime Simply Wants to Eradicate Us"]

[Text] Vienna—"All political measures have so far been completely in vain," Bosnian Foreign Minister Haris Silajdzic stressed after a meeting with Foreign Minister Alois Mock on 12 July in an interview with DER STANDARD in Vienna. "The situation in Bosnia-Herzegovina is simply a disaster."

"The town of Gorazde is being attacked by at least 40 tanks, innumerable missile launchers, and heavy artillery, even though there are 30,000 refugees there. If the international community is unable to react to this disaster, soon a reaction will no longer be necessary," Foreign Minister Silajdzic said, visibly moved and with tears in his eyes. "The Belgrade regime simply wants to eradicate us."

"It is a situation where there cannot be any excuse for the international community. This is a clear case of genocide, a genocide in the middle of Europe in the 20th century," Silajdzic stressed. "Half a million people are already fleeing; 50,000 are already dead, and everybody is just looking on."

"Everyone who knows of these events and does not do anything to stop them is responsible for the death of thousands and thousands of people," the Bosnian politician lamented. The UN embargo does not prevent the current massacres of the civilian population; minutes are counting now, Silajdzic says. "How long does it take to kill 3.5 million people? Are the United Nations and the

United States waiting until this finally happens? The entire problem will certainly be solved as soon as we are all dead."

'Despair'

Asked by DER STANDARD what he feels when he hears these words, Foreign Minister Mock said: "I feel despair. The question is whether we are looking on while another 3.5 million people are killed in a genocide. Since World War II, this has not happened in Europe. The credibility of our entire civilization depends on the question of whether we are just going to passively watch the death of a people."

Court Examines Formation of 'Herceg-Bosnia'

LD1107192692 Belgrade TANJUG in English
1549 GMT 11 Jul 92

[Text] Sarajevo, Jul 11 (TANJUG)—The constitutional court of the former Yugoslav Republic of Bosnia-Herzegovina has started proceedings to evaluate the constitutionality of a decision to form Herceg-Bosnia, an independent state proclaimed by the Bosnian Croats.

The court said it was suspected that the formation of Herceg-Bosnia "is bringing into question the legal and legitimate political and territorial organization of the Bosnia-Herzegovina authorities." It described the move as an "illegal attempt to create new authorities."

In this way, Croats have also formally established their rule in Bosnia-Herzegovina's parts which they have won in the elections but also captured during the war, with the support of over 40,000 members of the regular army of neighboring Croatia.

Croats have seized the town of Stolac in eastern Herzegovina in which Moslems account for 60 percent of inhabitants. They also captured the left bank of the River Neretva and the Serb-populated part of the town of Mostar, and parts of central Bosnia-Herzegovina where Moslems make up the majority.

Mostar is now declared center of Herceg-Bosnia, covering 30 percent of Bosnia-Herzegovina's territory. Croats account for 17 percent of the 4.5 million inhabitants of the former Yugoslav state.

The Herceg-Bosnia authorities said they would no longer recognize the legitimate Croat representatives in the Bosnia-Herzegovina Presidency which is led by Moslem leader Alija Izetbegovic.

In early April, the legitimate Serb representatives walked out from the Republic's leadership in protest that the E.C. and the U.S. recognized Bosnia-Herzegovina's independence, at the request of the Moslem-Croat coalition and without the consent of Serbs.

Serbs (32 percent), who earlier formed their Republic, supported the Bosnian Croats's commitment to create Herceg-Bosnia.

Moslems (44 percent) do not control over 10 percent of the Republic's territory. Under the constitution, the central authorities in Sarajevo cannot be legitimate without the representatives of all three constituent peoples.

The Belgrade weekly NIN said the loss of territory was the price Izetbegovic had to pay for his blind loyalty to the political and military alliance with Croats.

According to NIN, the change in political balance in Bosnia-Herzegovina indicates the beginning of the end of the concept of a unitarian Bosnia-Herzegovina which Izetbegovic was trying to impose on Serbs.

The weekly quoted prime minister of the Serb Republic of Bosnia-Herzegovina Aleksa Buha as saying the Moslems will in the end have to return to negotiations and accept the formula of drawing the borders on the ethnic principle.

Buha said the war would have been averted if the Moslems had respected the E.C.-sponsored March 31 agreement on dividing Bosnia-Herzegovina into cantons.

Moslems gave up the talks after Bosnia-Herzegovina was admitted to the U.N. and Izetbegovic then said the talks were now out of the question. He urged Bosnians to stand up and liberate all the territories, and later appealed to the Conference on Security and Cooperation in Europe (CSCE) for foreign military intervention in Bosnia-Herzegovina.

Agreement on Sarajevo Corridor for Aid

LD1007225692 Belgrade TANJUG in English
2138 GMT 10 Jul 92

["Pool" item]

[Text] Belgrade, July 10 (TANJUG)—Officials of the United Nations Protection Forces (UNPROFOR) on Friday [10 July] reached an agreement with the president of the presidency of the Serb Republic of Bosnia-Herzegovina, Radovan Karadzic, and members of the Moslem Presidency of Bosnia-Herzegovina on the opening of a corridor for the delivery of humanitarian aid from Sarajevo Airport to the city center.

UNPROFOR spokesman Frederick Eckhart, who is currently in Sarajevo, told TANJUG over the telephone that the corridor would [words indistinct] to deliver food and medicines which will be distributed to Serbs and Moslems in settlements around the airport and the city center.

He added that the two conflicting sides agreed to sign an agreement in principle on Saturday.

Eckhart said Friday was an [word indistinct] calm day in Sarajevo although there had been some shooting around the presidency of Bosnia-Herzegovina and the Dobrinja suburb. He added it had never been quieter in the city since the fighting began.

Since Sarajevo Airport was reopened early this month [words indistinct] planes with humanitarian aid landed. Fifteen planes landed on Friday alone, and another two are expected this evening.

According to Eckhart, Great Britain has so far sent the most aid to the residents of Sarajevo. Among the countries which have sent relief are Greece, Italy, Denmark, The Netherlands, France, the United States, Canada, Russia, Sweden, Norway and Germany.

Presidency Wants More UN Observers in Sarajevo

LD1307202192 Belgrade TANJUG Domestic Service in Serbo-Croatian 1854 GMT 13 Jul 92

[Text] Sarajevo, 13 Jul (TANJUG)—The Bosnia-Herzegovina Presidency met today under Alija Izetbegovic's chairmanship and noted "that the difficult situation in Gorazde, Srebrenica, Bratunac, and other towns requires action to accelerate the opening of humanitarian corridors," Bosnia-Herzegovina Press [BH Press] reports tonight.

A request to this effect will be sent to the UN Security Council so that humanitarian aid can reach these towns as soon as possible, a statement issued after the session and reported by BH Press says.

UNPROFOR representatives will be asked to deploy observers at several locations in the town center since "the shelling and sniper fire continue despite an agreement to place artillery weapons under control."

Sarajevo Residents Want to Emigrate

LD1307153592 Belgrade TANJUG in English 1100 GMT 13 Jul 92

[Text] Sarajevo, July 13 (TANJUG)—"Tens of thousands of Serbs were exposed to unprecedented genocide in the more recent history of mankind" in Sarajevo and other cities of the war-hit former Yugoslav Republic of Bosnia-Herzegovina that are under control of the Muslim-Croatian coalition.

This appeal to save Serbs, virtually blocked in some Sarajevo sections, was sent out on Monday to the international public by the residents of the six Sarajevo Serbian sections—Rajlovac, Vogosca, Sarajevo Centar, Novo Sarajevo, Ilidza and Ilijas.

A proclamation, carried by the Republic of Bosnia-Herzegovina Army Information Service, calls on the humanitarian organizations and international institutions for the protection of human rights to exert pressure on Bosnia-Herzegovina Muslim leader Alija Izetbegovic and representatives of Muslim-Croatian authorities of this former Yugoslav republic so as to enable these virtually blocked Serbs to leave Sarajevo.

The appeal noted that the Serbian side secured the departure of any one Muslim, Croat or member of any

other nationality from any Bosnia-Herzegovina Serbian municipality to leave, should they wish to do so.

European Community Delegation Visits Trebinje

LD1307210692 Belgrade TANJUG in English 1952 GMT 13 Jul 92

[Text] Trebinje, July 13 (TANJUG)—A three-member delegation of the European Community on Monday [13 July] paid a long-delayed visit to Trebinje and inspected damage done to this town in the southwest of the war-devastated former Yugoslav Republic of Bosnia-Herzegovina.

This was the first peace delegation to visit Trebinje since the outbreak of civil war in Bosnia-Herzegovina three months ago. Trebinje has been devastated by Croatian artillery which has for a month and a half been attacking the town from neighbouring Croatia, chiefly from the direction of Dubrovnik.

In the past month, Croatia has treated the town and the surrounding area to eight artillery attacks and two air raids.

The E.C. delegation visited Trebinje although it had not received guarantees of safe conduct from the Croatian side.

European observers had postponed their visit four times because guarantees had not been forthcoming.

Trebinje is the political centre of predominantly Serb-populated eastern Herzegovina, a region in Bosnia-Herzegovina adjacent to Croatia.

The delegation was composed of the British coordinator of the E.C. observer teams in Herceg-Novi (Montenegro) and Dubrovnik (Croatia), the French head of the E.C. mission to Herceg-Novi, and a Danish observer.

The E.C. observers were received in Trebinje by the top-ranking officials of Herzegovina, which forms part of the Serb Republic of Bosnia-Herzegovina.

The observers inquired into the possibility of ending fighting on the Herzegovina front where at least 40,000 troops of the regular army of neighbouring Croatia are fighting on the side of the Moslems against the local Serbs.

An idea was put forth during the visit of setting up a joint commission, composed of representatives of the warring sides and E.C. observers, to monitor developments in the Herzegovina battlezone and organize talks.

The Trebinje Red Cross society on Sunday appealed for urgent humanitarian aid in food for the local population and the more than 5,000 refugees accommodated in the town. The refugees had fled the right bank of the Neretva before the onslaught of the Croatian Army on June 21. The worst affected are the children, due to an acute shortage of children's food.

Croatian 'Extremists,' French Force Exchange Fire
*LD1307164592 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1620 GMT 13 Jul 92*

[Text] Bihac, 13 Jul (TANJUG)—Croatian extremists from Skoc village, near Bihac, today attacked members of a French battalion incorporated in the UN peace force in Lohovo, on the border between the Republic of Bosnia-Herzegovina and the Republic of Serbian Krajina, a TANJUG correspondent learned.

The French peace force was forced to return fierce fire. Military sources report that there were no casualties among the blue helmets.

Croatians Set Up Defense Council in Kiseljak
*LD1307173992 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1634 GMT 13 Jul 92*

[Text] Belgrade, 13 Jul (TANJUG)—The Croatian Community of Herceg-Bosnia and the Croatian Defense

Council (HVO) have passed a unilateral decision to set up the Kiseljak municipal Croatian Defense Council—Bosnia-Herzegovina Press [BH Press] agency reports today.

As envisaged by its founders, this body will take over executive powers and municipal administration in the town. According to a plan by the proponents of the canton-type "democracy," the Kiseljak municipal HVO will have 10 members—7 Croats and 3 Muslims, BH Press says.

The same agency reports that representatives of the Party of Democratic Action and of Muslim intellectuals from Vitez have issued a statement to the following effect: "The Muslims of Vitez do not recognize the Herceg-Bosnia HVO as an organ of authority, and will treat its decisions as invalid."

According to BH Press, at the same meeting in Vitez a coordinating committee was set up to protect the interests of the Muslims of Vitez.

Government Describes Croatia as 'Refugee Camp'

*LD1307181892 Zagreb Radio Croatia Network
in Serbo-Croatian 1500 GMT 13 Jul 92*

[Statement by the Ministry of Information of the Republic of Croatia]

[Excerpts] At today's government session, chaired by Franjo Greguric, the Croatian Government discussed a report on the situation concerning refugees and banished people, and concluded that Croatia is turning into a refugee camp. A fresh wave of refugees from Bosnia-Herzegovina arrived last weekend, and more are expected as an expansion of the Serbian aggression in this neighboring country is in progress.

It was established during the discussion that the Republic of Croatia has so far received more than 360,000 refugees from Bosnia-Herzegovina, while 270,000 refugees from Croatia are still without homes. Considering the fact that one-fifth of the country's territory is still under occupation, and that the direct war damage is estimated at \$21 billion, it is obvious that Croatia's capacity to receive fresh refugees is exhausted. All accommodation facilities are full. Large cities are under the greatest pressure. So far, Croatia has not received a single dollar of financial support for the expenses it incurred for the accommodation of refugees from Bosnia-Herzegovina. Humanitarian aid is not sufficient.

The government established that the Republic of Croatia is at the moment on the verge of social and economic collapse, while the international community has not shown enough understanding nor provided enough assistance. The Office for Refugees and Banished People of the Government of the Republic of Croatia has therefore sent an appeal to international humanitarian organizations. [passage omitted]

In order to inform the public abroad and in Croatia, the government has adopted the following conclusions: The Republic of Croatia has so far, exceeding its realistic capacity, accommodated more than 360,000 refugees from Bosnia-Herzegovina, in addition to its own 270,000 refugees. At this moment, there is absolutely no possibility to accommodate another refugee from Bosnia-Herzegovina. The greatest influx of refugees from Bosnia-Herzegovina is in the large cities: Zagreb, Rijeka, Split, Osijek, and Pula. Further arrival of refugees in large cities should be stopped. This should be done by the Ministry of Internal Affairs in cooperation with the Office for Refugees and Banished People.

In accordance with international humanitarian law, the Republic of Croatia will not close its border with Bosnia-Herzegovina. However, as Croatia has no capacity to accommodate any more refugees, all newly arrived refugees will be transported directly to the state border between the Republic of Croatia and Italy, Slovenia or Austria by the Office for Refugees and Banished People in cooperation with the Ministry of Internal Affairs.

Refugees from Bosnia-Herzegovina who are now in neighboring European countries—most of them arrived there via Serbia—cannot be allowed to return to the Republic of Croatia at the moment. This is within the competence of the Ministry of Internal Affairs.

New camps in Pozega and elsewhere will be used exclusively as transit centers, and not for long-term accommodation.

The Government of the Republic of Croatia will again request from the international community immediate and direct financial aid to cover the expenses of the accommodation of refugees from Bosnia-Herzegovina. All expenses for the transportation of humanitarian aid for refugees from Bosnia-Herzegovina must be covered by donors.

The Government of the Republic of Croatia will again demand a session of the UN Security Council to adopt a decision on a military intervention, as this is the only way to stop the war in Bosnia-Herzegovina, which will stop the further exodus of the Bosnia-Herzegovina population.

The Government of the Republic of Croatia will arrange with the legal bodies of authority in Bosnia-Herzegovina the return of refugees to safe areas as soon as possible.

'Fierce' Artillery Fire Falls On Dubrovnik

*LD1307173892 Zagreb Radio Croatia Network
in Serbo-Croatian 1600 GMT 13 Jul 92*

[Text] The aggressor Serb-Montenegrin Army and the Trebinje chetniks have been directing fierce artillery fire on all parts of Dubrovnik this afternoon. In addition to Gruz and Lapad, the enemy artillery has been pounding Dubrovnik's old town and the suburb of Ploce, where EC monitors and UN liaison officers witnessing these brutal attacks have accommodations. The Dubrovnik Command of the Croatian Army has lodged a sharp protest with the EC monitors and UN liaison officers because of today's attack, which has been one of the fiercest to date.

International

Cosic Letter Rejects Croatian, Bosnian Claims

LD1407110692 Belgrade TANJUG Domestic Service
in Serbo-Croatian 0847 GMT 14 Jul 92

[Text] Belgrade, 14 Jul (TANJUG)—Concerning the completely unfounded accusations stated in the letters sent by Croatian President Franjo Tudjman and President of the Bosnia-Herzegovina Presidency Alija Izetbegovic to the Security Council, President of the Federal Republic of Yugoslavia Dobrica Cosic sent a letter to Chairman of the Security Council Jose Luis Jesus:

1. The Yugoslav Army did not operate on the territory of Bosnia-Herzegovina as stated in the mentioned letters.
2. Not a single aircraft of the Yugoslav Army Air Force took off, let alone was engaged in combat activities of which we have been accused.

With the aim of preventing any further unscrupulous accusations, I ask the Security Council to send UN observers to the airports in Yugoslavia in order to make sure that our air force is not doing what it has been accused of many times.

No combat aircraft nor helicopter of the Yugoslav Army Air Force has crossed the border with either Bosnia-Herzegovina or Croatia since 19 May 1992.

3. The Yugoslav Army does not have in its possession surface-to-surface missiles.

4. I do not understand why it cannot be realized that the war in Bosnia-Herzegovina is an inter-ethnic, religious, and civil war. That is not the war of one nation and one religion that could end by the wish of one warring side. Its end does not depend on the good will of Serbia and Montenegro. The war can end only by the wish of all three warring sides. Peace in Bosnia-Herzegovina cannot be achieved unless it is conditioned by political solutions: ethnic cantonization and full ethnic and civil equality, within both a confederate set-up of the state, and territorial boundaries of ethnic communities, under the basic principle—not to aspire toward an ethnically pure community. The present "ethnic cleansing", which is being carried out by all participants of the civil war in Bosnia-Herzegovina, is terrifying every sane man.

5. Weapons of the Yugoslav People's Army were not retained only by the Army of the Serbian Republic of Bosnia-Herzegovina. The Muslim-Croatian coalition retained: 231 tanks, 300 cannons of various calibers, 27 Kol multiple rocket launchers, 60 Oganj (Flame) multiple rocket launchers, about 5,000 mortars of large calibers, 100,000 automatic and self-loading guns, 100,000 M-48 guns, 5,800 snipers [as received] and 15,000 machine-guns and large quantities of small arms and artillery ammunition. On the territory of the Muslim-Croatian coalition there also remained 11 arms and ammunition factories, one of them being a mortar and missile factory which still works at full capacity.

6. It is incredible that the fact that the Armed Forces of the Republic of Croatia have participated in armed clashes, and that they have for weeks been engaged in an offensive to conquer territory in Bosnia-Herzegovina has constantly been ignored.

7. I can declare with full responsibility that there is not a single soldier or officer of the Yugoslav Army in Bosnia-Herzegovina any more. The Yugoslav Army is not providing any assistance to Serbs in Bosnia-Herzegovina, either in weapons or in military equipment, other than its participation in providing humanitarian aid, and even that in restricted quantities. The Federal Republic of Yugoslavia does not participate in any way in the command of the Serbian army in Bosnia-Herzegovina.

Mr. President, would you please distribute this letter as a Security Council document.

Federal President Asks UN To Lift Sanctions

LD1307231192 Belgrade TANJUG Domestic Service
in Serbo-Croatian 2208 GMT 13 Jul 92

[Text] United Nations, 13 Jul (TANJUG)—In a letter sent to the President of the UN Security Council, FRY President Dobrica Cosic warns that the sanctions slapped on the FRY on the basis of Chapter 7 of the UN Charter are hitting the innocent population most.

In addition, these unjust and one-sided sanctions are hitting our sportsmen, who are not allowed to participate in international sporting events. Cosic's message says: Never before has the international community used sports, one of the most chivalrous forms of displaying the young generations for political purposes [as received].

The letter demands that the UN Security Council launch an initiative for lifting the sanctions, particularly in areas where humanitarian needs are at stake and where sportsmen are in question. "Sportsmen act as a bridge between nations and must not be punished so severely," Cosic notes.

In his letter Cosic also refutes the accusations that Yugoslavia is the aggressor in Bosnia-Herzegovina. He reveals the figure of as many as 30,000 Muslim refugees from Bosnia-Herzegovina who found refuge in the FRY. The General Staff of the Yugoslav Army has no control over the officers of the former Yugoslav Peoples' Army who joined Bosnia's Serbs or the armies of Muslims and Croats in Bosnia-Herzegovina. The Yugoslav Army is by no means involved in the developments in the territory of neighboring countries.

Cosic says Yugoslavia remains committed to the principles of the UN Charter and the CSCE, that is, to the non-use of force in the resolving of any dispute. It has no territorial aspirations to any country. It is in its interests to establish peace and find a political solution to the problem on the basis of agreement between all three nations of Bosnia-Herzegovina.

The letter, which appeared as a UN document, was accepted among the ranks of international diplomats as a means to counterbalance today's claims conveyed by the letters published in the same way of Izetbegovic and Tudjman, which call for military intervention on the part of the international community following Yugoslavia's alleged aggression against Bosnia-Herzegovina and Croatia.

Federal

Government Does Not Recognize EC Commission

LD1307195192 Belgrade TANJUG in English
1908 GMT 13 Jul 92

[Text] Belgrade, July 13 (TANJUG)—The government of the Federal Republic of Yugoslavia (F.R.Y.) on Monday [13 July] said it did not recognize the authority of an arbitration commission appointed by an E.C.-sponsored conference on Yugoslavia, which on Wednesday ruled that the new Yugoslav state could not be considered as the sole successor to the former Socialist Federal Republic of Yugoslavia.

In a statement released on Monday, the Federal Government said that the views put forth by the arbitration commission did not represent the legal basis for a binding decision.

Yugoslavia is prepared to refer the issue of succession, as well as all other relevant legal issues, to the objective ruling of the highest judicial body of the international community—the International Court of Justice in The Hague, the statement said.

The Federal Republic of Yugoslavia was formed on April 27 by Serbia and Montenegro to perpetuate the original Federal state after four of the six republics—Slovenia, Croatia, Bosnia-Herzegovina and Macedonia—had opted for unilateral secession.

The arbitration commission, whose jurors are the presidents of constitutional courts of five European Community countries, ruled that all the new states created in the territory of the former Yugoslavia had equal rights to succession.

By the same token, the commission ruled that Yugoslavia's membership of international institutions should be terminated and that none of the individual successor states had the sole right to succession.

The four breakaway republics sought international recognition late last year. Serbia and Montenegro refused to do so because they, unlike the four republics, had won international recognition at the Berlin Congress in 1878 and were internationally recognized states when they formed Yugoslavia in 1918.

On June 3 the Yugoslav Government said in a letter to arbitration commission chairman Jean Badinter of France it did not agree that the commission, as an

advisory body to the conference on Yugoslavia, rule on the issue, the Monday statement recalled.

The F.R.Y. said at the time it was its principled stand that all questions pertaining to a general solution to the Yugoslav crisis should be dealt with in consultation between the F.R.Y. and the former Yugoslav Republics, the statement said. All legal disputes incapable of solution in this way should be referred to the International Court of Justice, as the main judicial body of the United Nations.

Serbia

Milosevic Supports Call For International Talks

LD1307161892 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1507 GMT 13 Jul 92

[Text] Belgrade, 13 Jul (TANJUG)—Slobodan Milosevic, president of the Republic of Serbia, today received Alain Rouillard, charge d'affaires of the French Embassy in Belgrade.

According to a statement by the president's office, they discussed an initiative by French President Francois Mitterrand to hold an international conference on Yugoslavia. Under Mitterrand's proposal, the international conference on Yugoslavia would be attended by the UN Security Council member-countries and all protagonists in the Yugoslav crisis.

President Milosevic supports the initiative and said he expects it to contribute toward resolving the Yugoslav crisis in a peaceful and just way.

Foreign Affairs Committee Views U.S. Relations

LD1307190192 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1340 GMT 13 Jul 92

[Text] Belgrade, 13 Jul (TANJUG)—We are not without chances to extricate ourselves from the existing problems, Dragoljub Micunovic said at today's session of the Foreign Affairs Committee of the Assembly of Serbia when informing deputies about his recent talks with prominent U.S. and UN personalities.

Having noted that ending the war in Bosnia-Herzegovina is the main condition for lifting the sanctions against Yugoslavia, Micunovic went on to voice a belief that Serbia could have an active peace-making influence.

As for Serbia's new policy, as the second condition for lifting the blockade, his hosts were encouraged by a recent announcement of new elections in the republic, which his hosts expected would produce new negotiators, since the current ones, as they put it, are an obstacle to a genuine dialogue.

The third condition for lifting the blockade is the resolution of the issue of national minorities where, according to Micunovic, we have to show initiative to avoid having solutions imposed on us. If the problem of

minorities is resolved through institutions, Kosovo's future as part of Serbia would not be questioned.

In response to Micunovic's idea of a conference on Bosnia-Herzegovina which, according to him, was received favorably, views were voiced that on the one hand Serbia and Croatia should guarantee the integrity of Bosnia-Herzegovina, and on the other the non-unitary state should be guaranteed by the Muslim side.

Serbian Foreign Minister Vladislav Jovanovic, who also took part in the work of the committee today, positively assessed Micunovic's idea, but put stress on the fact that problems might arise if the Muslim side asked for protection from a power at the conference. Micunovic's proposal, according to him, should be considered in the context of all meetings at that level.

As regards national minorities, Jovanovic said that this issue should be opened, but should also be put back into a real framework because it has been exaggerated and artificially politicized.

Speaking about the genesis of the American stand toward Yugoslavia, Minister Jovanovic pointed to sudden turns, but also said that the sharp stand has been reaching a balance, while the local U.S. press has lately not been mentioning Izetbegovic as a peace-maker, which it once did.

"America is a very important partner for us and we are ready to reconsider all our stands and actions, provided it is understood that we cannot trade with our dignity in any way," committee chairman Aleksandar Prlja said at the end of the session, stressing that all statements aimed against the regime, which was elected in democratic elections, cannot be easily accepted.

The committee called for an urgent end to hostilities in Bosnia-Herzegovina and lent its support to Karadzic's initiative for a cease-fire. An agreement was reached that two multiparty delegations of the Republican Assembly pay a visit to the U.S. Congress and the Russian Parliament.

Foreign Students Asked To Question Sanctions

LD1307174292 Belgrade TANJUG in English
1611 GMT 13 Jul 92

["Pool" item]

[Text] Belgrade, July 13 (TANJUG)—Serbia has called on all foreign students who studied at its universities to raise the question in their respective countries whether the penal measures against this Yugoslav republic are justified.

"Serbs were twice subjected to an organized genocide, in World War One and World War Two. Serbs are being killed or taken to concentration camps now. New-born babies are dying in our hospitals because of the lack of medication", says a circular letter written by the Serbian Administration for International Scientific, Educational, Cultural and Technical Cooperation.

"Serbs are being punished only because they want to be independent and decide about their destiny themselves," says the letter released at a press conference on Monday [13 July].

The U.N. Security Council on May 30 imposed strict sanctions on the Federal Republic of Yugoslavia, made up of the Republics of Serbia and Montenegro, saying it is chiefly to blame for an escalation of fighting in the former Yugoslav Republic of Bosnia-Herzegovina.

The Yugoslav Army has evacuated its troops from Bosnia-Herzegovina, where fierce fighting between its three ethnic communities—Moslems, Serbs and Croats—has been going on for the past three months. The regular Army of neighbouring Croatia is engaged in the fighting in Bosnia-Herzegovina on the Moslem-Croat side.

The civil war escalated after the European Community on April 7 decided to recognize Bosnia-Herzegovina as an independent state at the request of the republic's Moslem-Croat coalition, and against the will of the local Serbs who account for one-third of Bosnia-Herzegovina's population.

Noting that Serbia has been unjustly accused by the Security Council and placed under the strictest isolation and blockade in history, the Serbian administration pleads with the foreign students to help Serbia which needs their "voice of support and conscience".

"We are addressing you with the plea to do something for Serbs and Serbia. Ask in your parliament, university or company whether the punishment of Serbia is justified," says the letter which will be distributed to foreign students who studied in Serbia through the Yugoslav embassies abroad.

Red Cross Reports 376,161 Refugees in Serbia

LD1307211292 Belgrade TANJUG in English
1838 GMT 13 Jul 92

[Text] Belgrade, July 13 (TANJUG)—There were 376,161 refugees in the territory of the Yugoslav Republic of Serbia on Monday, which is 195 people fewer than on [word indistinct] the Serbian Red Cross society said.

Of that number, 212,461 were refugees from the war-ravaged former Yugoslav Republic of Bosnia-Herzegovina.

Refugees have started returning to Bosnia-Herzegovina and to the Republic of Serb Krajina (in the administrative territory of Croatia) which is under the protection of UNPROFOR, a U.N. peace-keeping force.